

Official Notice of Bond Sale
(Bond Sale to be Conducted Electronically)

\$6,910,000*

Lindon City, Utah

Water Revenue Bonds, Series 2026

Bids will be received electronically (as described under “Procedures Regarding Electronic Bidding” below) by Lindon City, Utah (the “City”) at the offices of LRB Public Finance Advisors, Inc., Salt Lake City, Utah, the municipal advisor to the City (the “Municipal Advisor”) on the *PARITY*® bidding system (“*PARITY*®”) at 9:30:00 a.m., mountain daylight time (“MDT”), on Thursday, October 29, 2026, for the purchase all or none (“AON”) of \$6,910,000* aggregate principal amount of the City’s Water Revenue Bonds, Series 2026 (the “Series 2026 Bonds”).

The bids will be reviewed and considered by certain authorized officials of the City (the “Designated Officers”), pursuant to the resolutions previously adopted by the governing body of the City on September 21, 2026 and October 5, 2026 (together, the “Resolution”).

Description of Series 2026 Bonds

The Series 2026 Bonds will be dated the date of delivery thereof, will be fully registered bonds, in book-entry form, in denominations of \$5,000 or integral multiples thereof, and will mature on November 1 of the years and in the principal amounts as follows:

<u>Maturity</u> <u>(November 1)</u>	<u>Amount*</u>	<u>Maturity</u> <u>(November 1)</u>	<u>Amount*</u>
2027	\$205,000	2037	\$340,000
2028	215,000	2038	355,000
2029	230,000	2039	375,000
2030	240,000	2040	395,000
2031	250,000	2041	415,000
2032	265,000	2042	435,000
2033	280,000	2043	460,000
2034	295,000	2044	480,000
2035	310,000	2045	505,000
2036	325,000	2046	535,000

Total \$6,910,000*

The Series 2026 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 2026 Bonds. Purchases of beneficial interests in the Series 2026 Bonds will be made in book-entry form in the denomination of \$5,000 or any integral multiple thereof.

* Preliminary; subject to change. See “Adjustment of Principal Amount of the Series 2026 Bonds” in this Official Notice of Bond Sale.

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

The Series 2026 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 2026 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 2026 Bonds

The Designated Officers, on behalf of the City, may adjust the amount of the Series 2026 Bonds and the amount maturing on one or more of the maturity dates by the amount necessary to deliver approximately \$7,000,000 of sale proceeds (after payment of costs of issuance) and to properly size each maturity of the Series 2026 Bonds so that the annual debt service on the Series 2026 Bonds better matches the anticipated revenues and payments; provided, however the adjustment of maturities with respect to the Series 2026 Bonds maturing in any year shall be adjusted to not less than \$5,000 increments to match the Series 2026 Bond denominations. In connection with any adjustment made pursuant to this section, the interest rates and initial reoffering prices for each maturity used by the successful bidder in formulating its bid shall remain unchanged. The adjusted purchase price shall equal the aggregate reoffering value of the adjusted principal amounts, calculated using those initial reoffering prices, less the underwriting discount calculated by applying the original underwriting-discount percentage to the adjusted aggregate principal amount.

For this purpose, the original underwriting-discount percentage shall equal the difference between the aggregate initial reoffering value of the Series 2026 Bonds before adjustment and the purchase price specified in the successful bid, divided by the aggregate principal amount of the Series 2026 Bonds before adjustment.

The successful bidder may not withdraw its bid as a result of an adjustment permitted under this section and shall be deemed to have submitted its bid for the adjusted principal amount and adjusted purchase price. Any adjustment shall remain subject to the City's authorized financing parameters and the minimum purchase-price requirement stated herein.

If the City elects to make such an adjustment, the amount of such adjustment will be allocated to increase or decrease the principal amount of the Series 2026 Bonds maturing on one or more of the maturity dates for the Series 2026 Bonds as described above, all as determined by the Designated Officers, on behalf of the City, with the advice of the Municipal Advisor. The City expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., MDT, on the date of sale, of the amount, if any, by which the aggregate principal amount of the Series 2026 Bonds will be adjusted and the corresponding changes to the principal amount of the Series 2026 Bonds maturing on one or more of the above-designated maturity dates for the Series 2026 Bonds. Any such adjustment will be in an amount of \$5,000 or an integral multiple thereof. The City will consider the bid as having been made for the adjusted amount of the Series 2026 Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder shall provide by electronic means to the Municipal Advisor at jason@lrbfinance.com, within one-half hour of the time of bid opening, the initial reoffering prices and corresponding yields for each maturity of the Series 2026 Bonds used in formulating its bid, the amount of original issue discount or premium for each maturity, the aggregate initial reoffering value of the Series 2026 Bonds, and the underwriting discount expressed both as a dollar amount and as a percentage of the aggregate principal amount of the Series 2026 Bonds before adjustment. The information provided shall reconcile to the purchase price specified in the successful bid and shall be used to calculate any adjusted purchase price in accordance with this section.

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 2026 Bonds. In such case the City may elect to negotiate a subsequent sale of the Series 2026 Bonds.

Rating and Optional Bond Insurance

The City will, at its own expense, pay fees of S&P Global Ratings (“S&P”) for rating the Series 2026 Bonds. As of the date of the Preliminary Official Statement, S&P has assigned its municipal bond rating of “AA-” (stable outlook) to the Series 2026 Bonds. *Any additional ratings shall be at the option and expense of the successful bidder.*

The City has applied to certain bond insurance companies for a commitment to issue a policy insuring the payment when due of principal of and interest on the Series 2026 Bonds. In the event the City obtains a commitment for municipal bond insurance, each bidder has the option to elect whether such insurance will be issued. If the successful bidder elects to obtain any policy of municipal bond insurance, the premium for such insurance and the costs of any related ratings will be paid by the successful bidder, and the City will have no responsibility for payment of such premium and costs.

The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest per annum true interest cost (“TIC”) to the City. All costs associated with the issuance of such policy and associated ratings and expenses (other than any independent rating requested by the City) will be paid by the successful bidder, and the City will not amend the Resolution or Indenture or enter into any separate agreement with any insurer in connection with the issuance of such policy. Failure of the municipal bond insurer to issue the policy after the award of the Series 2026 Bonds will not constitute cause for failure or refusal by the successful bidder to accept delivery of the Series 2026 Bonds.

Purchase Price

The purchase price bid for the Series 2026 Bonds shall not be less than 98% of the aggregate principal amount of the Series 2026 Bonds. The final par amount of the Series 2026 Bonds may be adjusted (either increased or decreased) as provided above under “Adjustment of Principal Amount of the Series 2026 Bonds”.

Interest Rates

The Series 2026 Bonds will bear interest at any number of different rates, any of which may be repeated, which rates shall be expressed in multiples of 1/8th or 1/100th of 1% per annum. In addition:

- no rate bid may exceed 5.50% per annum;
- all Series 2026 Bonds of the same maturity must bear a single rate of interest;
- premium must be paid in the funds specified for the payment of the Series 2026 Bonds as part of the purchase price;
- interest shall be computed from the dated date of a Series 2026 Bond to its stated maturity date at the single interest rate specified in the bid for the Series 2026 Bonds of such maturity;
- 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;
- there shall be no supplemental interest coupons; and
- interest shall be computed on the basis of a 360-day year of 12, 30-day months.

Interest for the Series 2026 Bonds will be payable semiannually on May 1 and November 1 beginning May 1, 2027, at the rate or rates to be fixed at the time the Series 2026 Bonds are sold.

Trustee, Bond Registrar, and Paying Agent; Place of Payment

U.S. Bank Trust Company, National Association, Salt Lake City, Utah, will be the trustee, paying agent, and bond registrar of the Series 2026 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 2026 Bonds as described in the City's Preliminary Official Statement with respect to the Series 2026 Bonds. Interest on the Series 2026 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 bond registrar.

Redemption Provisions

Optional Redemption. The Series 2026 Bonds maturing on or after November 1, 2037, are subject to redemption at the option of the City, in whole or in part, at any time on or after November 1, 2036, in such order of maturity as shall be directed by the City, at a redemption price equal to 100% of the principal amount of the Series 2026 Bonds to be redeemed plus accrued interest to the date of redemption.

Security

The Series 2026 Bonds are special limited obligations of the City, payable solely from the Net Revenues, moneys, securities and funds pledged therefor in the Indenture, all as more fully described in the Preliminary Official Statement.

The Series 2026 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 2026 Bonds or any portion thereof to secure payment of the Series 2026 Bonds.

Procedures Regarding Electronic Bidding

No good-faith deposit or evidence of such deposit is required as a condition to submitting an electronic bid. The apparent successful bidder shall deliver the Deposit in accordance with "Good Faith Deposit" below. Final acceptance of the bid by the City shall be conditioned upon timely receipt of the Deposit.

Bids will be received by means of the *PARITY*® electronic bid submission system. A prospective bidder must communicate its bid electronically through *PARITY*® on or before 9:30:00 a.m. MDT, on Thursday, October 29, 2026. No bid will be received after the time for receiving bids specified above. 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 or i-Deal LLC at 1359 Broadway, New York, New York 10018; (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 2026 Bonds.

Notification

The Municipal Advisor will notify the apparent successful bidder by telephone as soon as possible after the City's receipt of bids, that such bidder's bid appears to be the 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 2026 Bonds to the successful bidder will be considered by the Designated Officers of the City on Thursday, October 29, 2026, pursuant to the Resolution.

Form of Bid

Each bidder for the Series 2026 Bonds is required to transmit electronically via *PARITY*® an unconditional bid specifying the lowest rate or rates of interest and confirm the purchase price (as described under “Purchase Price” above) at which the bidder will purchase the Series 2026 Bonds. Each bid must be for all the Series 2026 Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the Series 2026 Bonds represented on a TIC 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) 596-0700. Thereafter, it may submit its bid by telephone to the Municipal Advisor at (801) 596-0700, who shall transcribe such bid into written form, before the time bids are due as stated above, on Thursday, October 29, 2026. For purposes of bids submitted telephonically to the Municipal Advisor (as described above), 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 of the Series 2026 Bonds and the total purchase price of all of the Series 2026 Bonds. The Municipal Advisor will seal transcribed telephonic bids for submission. Neither the City nor the Municipal Advisor assume any responsibility or liability from the failure of any such transcribed telephonic bid (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 will provide written confirmation of its bid (by electronic means) to the Municipal Advisor prior to 2:00 p.m., MDT, on Thursday, October 29, 2026.

Right of Cancellation

The successful bidder shall have the right, at its option, to cancel its obligation to purchase the Series 2026 Bonds if the City shall fail to execute the Series 2026 Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the Deposit.

Award

Award or rejection of bids will be made on Thursday, October 29, 2026, by the Designated Officers of the City. The Series 2026 Bonds will be awarded to the responsible bidder offering to pay not less than 98% of the aggregate principal amount of the Series 2026 Bonds and specifying a rate or rates of interest that result in the lowest effective interest cost to the City, computed from the date of the Series 2026 Bonds to maturity and taking into consideration the premium or discount, if any, in the purchase price of the Series 2026 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 2026 Bonds (based on such rate or rates of interest so bid) to the dated date of the Series 2026 Bonds, compounded semiannually, and to the bid price. Interest cost shall be computed on a 360-day year of twelve, 30-day months.

Good Faith Deposit

A good faith deposit in the fixed amount of \$138,200 (the “Deposit”) is required solely from the apparent successful bidder. No Deposit or evidence of a Deposit is required from any bidder as a condition to submitting a bid. Following notification by the Municipal Advisor, the apparent successful bidder shall deliver the Deposit to the City by wire transfer in immediately available federal funds, pursuant to instructions provided by the Municipal Advisor. The Deposit must be received by the City no later than 12:00 noon, MDT, on Thursday, October 29, 2026. Only a wire transfer will be accepted. The amount of the Deposit shall not change as a result of any adjustment to the principal amount of the Series 2026 Bonds.

The City shall, as security for the faithful performance by the successful bidder of its obligation to take up and pay for the Series 2026 Bonds when tendered, hold the Deposit or invest the same (at the City's risk) in obligations which mature at or before the delivery of the Series 2026 Bonds as described under the caption "Manner and Time of Delivery" below, until disposed of as follows: (a) at such delivery of the Series 2026 Bonds and upon compliance with the successful bidder's obligation to take up and pay for the Series 2026 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 2026 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 2026 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: (i) to waive any irregularity or informality in any bid or in the bidding process; (ii) to reject any and all bids for the Series 2026 Bonds; and (iii) to resell the Series 2026 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 2026 Bonds when that date has been determined. It is now estimated that the Series 2026 Bonds will be delivered in book-entry form on or about November 12, 2026. Delivery of the Series 2026 Bonds will be made in Salt Lake City, Utah. The successful bidder must also agree to pay for the Series 2026 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 2026 Bonds at the expense of the City, but neither the failure to print such numbers on any Series 2026 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the Series 2026 Bonds in accordance with terms of this Official Notice of Bond Sale.

Tax-Exempt Status

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, the interest on the Series 2026 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 opinions set forth in this paragraph are subject to the condition that the City complies with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 2026 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 2026 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds. The Series 2026 Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

In the opinion of Bond Counsel, interest on the Series 2026 Bonds is exempt from State of Utah individual income taxes.

Establishment of Issue Price

The successful bidder shall assist the City in establishing the issue price of the Series 2026 Bonds and shall execute and deliver to the City on the date of issuance of the Series 2026 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 2026 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 2026 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 2026 Bonds) will apply to the initial sale of the Series 2026 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 2026 Bonds to the bidder who submits a firm offer to purchase the Series 2026 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 2026 Bonds, as specified in the bid.

In the event the competitive sale requirements are not satisfied, the City shall so advise the successful bidder. The City shall then treat (i) the first price at which 10% of a maturity of the Series 2026 Bonds (the “10% Test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Series 2026 Bonds as the issue price of the maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The successful bidder shall advise the City if any maturity of the Series 2026 Bonds satisfies the 10% Test as of the date and time of the award of the Series 2026 Bonds. The City shall promptly advise the successful bidder, at or before the time of award of the Series 2026 Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within the maturity) of the Series 2026 Bonds shall be subject to the 10% Test or shall be subject to the hold-the-offering-price rule. Bids will **not** be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Series 2026 Bonds. ***Bidders should prepare their bids on the assumption that some or all of the maturities of the Series 2026 Bonds will be subject to the hold-the offering-price rule in order to establish the issue price of the Series 2026 Bonds.***

By submitting a bid, the successful bidder shall (i) confirm that the underwriters have offered or will offer the Series 2026 Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or a the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Series 2026 Bonds, that the underwriters will neither offer nor sell unsold Series 2026 Bonds of any maturity to which the hold-the-offering price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Series 2026 Bonds to the public at a price that is no higher than the initial offering price to the public.

The successful bidder will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of the maturity of the Series 2026 Bonds to the public at a price that is not higher than the initial offering price to the public.

If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Series 2026 Bonds, the winning bidder agrees to promptly report to the City the prices at which the

unsold Series 2026 Bonds of that maturity have been sold to the public. If as of the award of the Series 2026 Bonds the 10% Test has not been satisfied as to any maturity of the Series 2026 Bonds, the winning bidder agrees to promptly report to the City the prices at which it subsequently sells Series 2026 Bonds of that maturity to the public until the 10% Test is satisfied. If Series 2026 Bonds constituting the first 10% of a certain maturity are sold at different prices, the winning bidder shall report to the City the prices at which Series 2026 Bonds of such maturity are sold until either (i) all Series 2026 Bonds of that maturity have been sold or (ii) the winning bidder sells 10% of the Series 2026 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 2026 Bonds has occurred provided that, the winning 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.

The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Series 2026 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2026 Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2026 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2026 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2026 Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2026 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2026 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2026 Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Series 2026 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2026 Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2026 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2026 Bonds.

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 2026 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 2026 Bonds of each maturity allocated to it, whether or not the date of issuance has occurred, until either all Series 2026 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 2026 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 2026 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 2026 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

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2026 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 2026 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 2026 Bonds of each maturity allocated to it, whether or not the date of issuance has occurred, until either all Series 2026 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 2026 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 2026 Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2026 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:

- (a) “public” means any person other than an underwriter or a related party,
- (b) “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 2026 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 2026 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 2026 Bonds to the public),
- (c) a purchaser of any of the Series 2026 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
- (d) “sale date” means the date that the Series 2026 Bonds are awarded by the City to the successful bidder.

Legal Opinion and Closing Documents

The approving opinion of Gilmore & Bell, P.C., Bond Counsel, covering the legality of the Series 2026 Bonds 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 2026 Bonds, including a letter from the attorney for the City that there is no litigation pending or, to the knowledge of the signer thereof, threatened, affecting the validity of the Series 2026 Bonds.

Disclosure Certificate and Disclosure Counsel Letter

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 2026 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 2026 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 Official Statement are at the time of delivery of the Series 2026 Bonds true and correct in all material respects and do not at the time of the delivery of the Series 2026 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 Official Statement be supplemented or amended subsequent to the date thereof,

the foregoing confirmation as to the Official Statement shall relate to the 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 2026 Bonds and as such disclosure counsel, such firm will assist the City in the review of 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 2026 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, counsel to 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 facts 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 necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (b) the final Official Statement as of its date contained, or as of the date of the delivery of the Series 2026 Bonds contains, any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in 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, numerical, demographic or 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 2026 Bonds as described under the caption "Award" above, a final Official Statement in electronic format, 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 description of the undertaking is set forth in the Preliminary Official Statement.

The successful bidder's obligation to purchase the Series 2026 Bonds shall be conditioned upon the City delivering the undertaking on or before the date of delivery of the Series 2026 Bonds.

Compliance with Public Contract Boycott Restrictions

To the extent the winning bid for the Series 2026 Bonds constitutes a contract to acquire or dispose of a good or service for which written certification is required under Section 63G-27-201 of the Utah Code, the bid submitted by the successful bidder shall be deemed to be the written certification by the successful bidder and any syndicate member, including any wholly-owned subsidiary, majority-owned subsidiary, parent company or affiliate of the successful bidder or any syndicate member (collectively, for purposes of this section, the "Successful Bidder"), that:

(a) the Successful Bidder is not currently engaged in (i) a Boycott of the State of Israel; or (ii) an Economic Boycott;

(b) the Successful Bidder agrees not to engage in a Boycott of the State of Israel for the duration of such contract; and

(c) the Successful Bidder agrees to notify the City in writing if the Successful Bidder begins engaging in an Economic Boycott (which notice may be grounds for termination of the contract).

For purposes of this Official Notice of Bond Sale:

“Boycott Action” means refusing to deal, terminating business activities, or limiting commercial relations.

“Boycott of the State of Israel” means engaging in a Boycott Action targeting (i) the State of Israel; and (ii)(A) companies or individuals doing business in or with the State of Israel; or (B) companies authorized by, licensed by, or organized under the laws of the State of Israel to do business.

“Boycotted Company” means a company that (i) engages in the exploration, production, utilization, transportation, sale, or manufacture of fossil fuel-based energy, timber, mining, or agriculture; (ii) engages in, facilitates, or supports the manufacture, distribution, sale, or use of firearms; (iii) does not meet or commit to meet environmental standards, including standards for eliminating, reducing, offsetting, or disclosing greenhouse gas-emissions, beyond applicable state and federal law requirements; or (iv) does not facilitate or commit to facilitate access to abortion or sex characteristic surgical procedures.

“Economic Boycott” means, without an ordinary business purpose (i) engaging in a boycott action targeting (A) a Boycotted Company or (B) another company because the company does business with a Boycotted Company; or (ii) taking an action intended to penalize, inflict economic harm to, or change or limit the activities of (A) a Boycotted Company or (B) another company because the company does business with a Boycotted Company.

Certain other terms used herein and not otherwise defined have the meanings assigned such terms in Section 63G-27-102 of the Utah Code. At the request of the City, the Successful Bidder agrees to execute such further written certification as may be deemed necessary or convenient for the City to establish compliance with Title 63G, Chapter 27 of the Utah Code.

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 Jason Burningham (jason@lrbfinance.com), LRB Public Finance Advisors, Inc., 41 North Rio Grande, Suite 101, Salt Lake City, Utah 84101, (801) 596-0700, the Municipal Advisor to the City.

DATED this October 22, 2026.

LINDON 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 \$ _____ Water Revenue Bonds, Series 2026 (the “Series 2026 Bonds”), being issued on the date of this certificate by the Lindon City, Utah (the “City”), certifies and represents as follows:

1. Public Offering. The Original Purchaser offered all of the Series 2026 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 2026 Bonds (_____, 2026) (the “Sale Date”), the reasonably expected initial offering prices of the Series 2026 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 2026 Bonds used by the Original Purchaser in formulating its bid to purchase the Series 2026 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 [the indicated maturities] of the Series 2026 Bonds was sold to the Public are the prices listed in Schedule A.] or

[As of the date of this certificate, the Original Purchaser has not sold at least 10% of [each maturity] [certain maturities] of the Series 2026 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 2026 Bonds with the same credit and payment terms. Series 2026 Bonds with different maturity dates, or Series 2026 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 1.1501(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 2026 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 2026 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 2026 Bonds to the Public).

On the Sale Date the Original Purchaser purchased the Series 2026 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 tax certificate and with respect to compliance with the federal income tax rules affecting the Series 2026 Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Series 2026 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 2026 Bonds.

IN WITNESS WHEREOF, the undersigned has hereunto fixed his or her official signature this _____ day of _____, 2026.

[PURCHASER], as Original Purchaser

By: _____

Title: _____

To Be Attached:
SCHEDULE A—EXPECTED OFFERING PRICES

NEW ISSUE—Book-Entry Only

Rating: S&P “AA-”
(See “BOND RATING” herein.)

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2026 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 Series 2026 Bonds is exempt from State of Utah individual income taxes. The Series 2026 Bonds are not “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Bond Counsel notes that interest on the Series 2026 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See “TAX MATTERS” in this Official Statement.

\$6,910,000*
LINDON CITY, UTAH
WATER REVENUE BONDS, SERIES 2026

Dated: Date of Initial Delivery

Due: November 1, as shown on the inside cover

The \$6,910,000* Water Revenue Bonds, Series 2026 are issued as fully registered bonds, and when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2026 Bonds. Purchases of Series 2026 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Owners of the Series 2026 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 Series 2026 Bonds. Interest on the Series 2026 Bonds is payable on May 1 and November 1 of each year, commencing May 1, 2027, by U.S. Bank Trust Company, National Association, as Paying Agent, all as more fully described herein. Payment of the principal of and interest on such Series 2026 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See “THE SERIES 2026 BONDS—Book-Entry-Only System” herein.

The Series 2026 Bonds are subject to optional [and mandatory sinking fund] redemption prior to maturity. See “THE SERIES 2026 BONDS—Redemption Provisions” herein.

The proceeds of the Series 2026 Bonds will be used by the City for the purpose of (a) financing improvements to the City’s water system including, but not limited to, a new well house and pipe connections, the replacement of water pipelines, and all related improvements and (b) paying costs of issuance of the Series 2026 Bonds.

The Series 2026 Bonds are special limited obligations of the City, payable solely from certain net revenues of the System as described herein, moneys, securities and certain funds and accounts pledged therefor in the Indenture between the City and U.S. Bank Trust Company, National Association, as Trustee. The Series 2026 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 System or any portion thereof to secure payment of the Series 2026 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The Series 2026 Bonds will be awarded pursuant to competitive bidding received by means of the PARITY® electronic bid submission system on Thursday, October 29, 2026, as set forth in the Official Notice of Bond Sale, dated October 22, 2026.

LRB Public Finance Advisors, Inc. is acting as Municipal Advisor to the City.

The Series 2026 Bonds are offered when, as and if issued by the City and received by the successful bidder (the “Purchaser”), and subject to the approval of their legality by Gilmore & Bell, P.C., Bond Counsel to the City. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by the City Attorney. It is expected that the Series 2026 Bonds, in book-entry-only form, will be available for delivery to DTC or its agent on or about November 12, 2026.

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. Capitalized terms used on this cover page and not otherwise defined shall have the meanings assigned to such terms in the body of this Official Statement. This Official Statement is dated [____], 2026, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

\$6,910,000*
LINDON CITY, UTAH
WATER REVENUE BONDS,
SERIES 2026

MATURITIES, AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS

<u>Due</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2027	\$205,000			
2028	215,000			
2029	230,000			
2030	240,000			
2031	250,000			
2032	265,000			
2033	280,000			
2034	295,000			
2035	310,000			
2036	325,000			
2037	340,000			
2038	355,000			
2039	375,000			
2040	395,000			
2041	415,000			
2042	435,000			
2043	460,000			
2044	480,000			
2045	505,000			
2046	535,000			

[\$ _____ % Term Bond Due November 1, 20 ____; Price _____%; CUSIP No. _____ **]

* Preliminary; subject to change.

** The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2026 Bonds. None of the City, the Trustee or the Purchaser is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to its correctness on the particular Series 2026 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2026 Bond as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

The information set forth herein has been obtained from the City, DTC, and other sources that 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 any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the City, or in any other information contained herein since the date hereof.

No dealer, broker, salesman or any other person has been authorized by the City to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

All inquiries relating to this Official Statement and the offering contemplated herein should be directed to the Municipal Advisor. Prospective investors may obtain additional information from the Municipal Advisor or the City which they may reasonably require in connection with the decision to purchase any of the Series 2026 Bonds from the Purchaser.

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,” “expect,” “estimate,” “project,” “budget” or other similar words. Forward-looking statements are included in the Official Statement under the captions “INTRODUCTION,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “ESTIMATED SOURCES AND USES OF FUNDS,” “FINANCIAL INFORMATION REGARDING THE CITY,” “HISTORICAL AND PRO FORMA DEBT SERVICE COVERAGE,” and “RISK FACTORS.” The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The yields at which the Series 2026 Bonds are offered to the public may vary from the initial reoffering yields on the inside front cover page of this Official Statement. In connection with this offering, the Purchaser may engage in transactions that stabilize, maintain or otherwise affect market prices of the Series 2026 Bonds. Such transactions, if commenced, may be discontinued at any time.

THE SERIES 2026 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2026 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The City maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2026 Bonds.

\$6,910,000*
LINDON CITY, UTAH
WATER REVENUE BONDS,
SERIES 2026

Lindon City, Utah
100 North State Street
Lindon, Utah 84042
(801) 785-5043

CITY COUNCIL

Carolyn Lundberg..... Mayor
Van Broderick Council Member
Cole Hooley..... Council Member
Jake Hoyt..... Council Member
Lincoln Jacobs..... Council Member
Steve Stewart..... Council Member

CITY ADMINISTRATION

Adam Cowie..... City Administrator
Brian Haws City Attorney
Kristen Aaron Finance Director
Chase Adams Assistant Finance Director
Hayden Peterson..... City Treasurer
Britni Laidler City Recorder
Juan Garrido Public Works Director

TRUSTEE, PAYING AGENT & REGISTRAR

U.S. Bank Trust Company, National Association
170 South Main Street, Suite 600
Salt Lake City, Utah 84101
(801) 534-6051

MUNICIPAL ADVISOR

LRB Public Finance Advisors, Inc.
41 North Rio Grande, Suite 101
Salt Lake City, Utah 84101
(801) 596-0700

BOND & DISCLOSURE COUNSEL

Gilmore & Bell, P.C.
15 West South Temple, Suite 1400
Salt Lake City, Utah 84101
(801) 364-5080

* Preliminary; subject to change.

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OFFICIAL STATEMENT

RELATING TO \$6,910,000* LINDON CITY, UTAH WATER REVENUE BONDS, SERIES 2026

INTRODUCTION

This Official Statement, including the cover page, introduction, and appendices, provides information in connection with the issuance and sale by Lindon City, Utah (the “City”) of its \$6,910,000* Water Revenue Bonds, Series 2026 (the “Series 2026 Bonds”), initially issued in book-entry form only. This introduction is not a summary of this Official Statement. It is only a brief description of and guide to and is qualified by more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2026 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used herein and not otherwise defined are defined in “APPENDIX B—FORM OF GENERAL INDENTURE.”

See also the following appendices attached hereto: APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025; APPENDIX B—FORM OF GENERAL INDENTURE; APPENDIX C—ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND UTAH COUNTY; APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING; APPENDIX E—FORM OF OPINION OF BOND COUNSEL; and APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM.

The City

The City, incorporated in 1924, covers an area of approximately 8.6 square miles and is located in the northern portion of Utah County (the “County”), 33 miles south of Salt Lake City, and 10 miles north of Provo, the County Seat. The City had 12,015 residents according to the 2025 estimate by the U.S. Census Bureau.

For additional information regarding the City, see “THE CITY” herein and “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025” and “APPENDIX C—ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND UTAH COUNTY.”

Authorization and Purpose of the Bonds

The Series 2026 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the “Act”), and other applicable provisions of law; (ii) resolutions adopted by the City Council of the City (the “City Council”) on September 21, 2026 and October 5, 2026 (together, the “Resolution”); and (iii) a General Indenture of Trust dated as of November 1, 2026 (the “General Indenture”), as supplemented by a First Supplemental Indenture of Trust dated as of November 1, 2026 (the “First Supplemental Indenture” and together with the General Indenture, the “Indenture”) each by and between the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

The proceeds from the sale of the Series 2026 Bonds will be used by the City (a) to finance improvements to the City’s water system (the “System”) including, but not limited to, a new well house and pipe connections, the replacement of water pipelines, and all related improvements (collectively, the “Series 2026 Project”) and (b) to pay costs of issuance of the Series 2026 Bonds. See “SERIES 2026 PROJECT” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

* Preliminary; subject to change.

Security and Source of Payment

The Bonds (as hereinafter defined), including the Series 2026 Bonds, are payable from and secured solely by a pledge and assignment of the Net Revenues from the System, and moneys on deposit in the funds and accounts (other than the Rebate Fund) held by the Trustee under the Indenture. The Revenues of the System will be applied to pay the Operation and Maintenance Expenses of the System before being applied to pay principal of and interest on the Bonds. The Series 2026 Bonds are limited obligations of the City, payable solely from the Net Revenues of the System, as described herein. The Series 2026 Bonds are not general obligations of the City or the State of Utah (the “State”), or any agency, instrumentality, or political subdivision thereof. The issuance of the Series 2026 Bonds shall not directly, indirectly, or contingently obligate the City or the State or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the Series 2026 Bonds. The City will not mortgage or grant a security interest in the System or any portion thereof to secure payment of the Series 2026 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Initial Bonds; Additional Bonds

The Series 2026 Bonds are the initial Series of Bonds to be issued under the General Indenture. The Indenture permits the issuance of Additional Bonds secured on a parity with the Series 2026 Bonds, subject to certain conditions. The Series 2026 Bonds and any Additional Bonds issued under the Indenture are referred to collectively herein as the “Bonds.” See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds” herein.

Redemption Provisions

The Series 2026 Bonds are subject to optional [and mandatory sinking fund] redemption prior to maturity. See “THE SERIES 2026 BONDS—Redemption Provisions” herein.

Registration, Denominations and Manner of Payment

The Series 2026 Bonds are issuable only as fully registered bonds without coupons 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 for the Series 2026 Bonds. Purchases of Series 2026 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the Series 2026 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 Series 2026 Bonds.

Principal of and interest on the Series 2026 Bonds (interest payable May 1 and November 1 of each year, commencing May 1, 2027) are payable by U.S. Bank Trust Company, National Association, as paying agent (the “Paying Agent”), to the registered owners of the Series 2026 Bonds. So long as DTC is the registered owner, it will, in turn, remit such principal and interest to its participants, for subsequent disbursements to the Beneficial Owners of the Series 2026 Bonds, as described under “THE SERIES 2026 BONDS—Book-Entry-Only System” herein.

Tax Status

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the Series 2026 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 notes that interest on the Series 2026 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2026 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 accrual or receipt of interest on the Series 2026 Bonds. See “TAX MATTERS” in this Official Statement.

The Series 2026 Bonds are not “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Public Sale/Electronic Bid

The Series 2026 Bonds will be awarded to the Purchaser pursuant to competitive bidding received by means of the PARITY® electronic bid submission system on Thursday, October 29, 2026, as set forth in the Official Notice of Bond Sale, dated October 22, 2026.

Conditions of Delivery, Anticipated Date, Manner and Place of Delivery

The Series 2026 Bonds are offered when, as and if issued by the City and received by the Purchaser, subject to the approval of their legality by Gilmore & Bell, P.C., Bond Counsel to the City, and certain other conditions. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to the City. Certain legal matters will be passed on for the City by Brian Haws, Esq., City Attorney. It is expected that the Series 2026 Bonds will be available for delivery in Salt Lake City, Utah, for deposit with DTC or one of its agents, on or about November 12, 2026.

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, the Series 2026 Bonds, and the Indenture are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture are qualified in their entirety by reference to such document, and references herein to the Series 2026 Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture and the information with respect thereto included in the aforementioned document, copies of which are available for inspection at the principal office of the Trustee on or after the delivery of the Series 2026 Bonds. Descriptions of the Indenture and the Series 2026 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. During the period of the offering of the Series 2026 Bonds, copies of the preliminary forms of any of the aforementioned documents will be available from the “contact persons” as indicated below. Also see “APPENDIX B—FORM OF GENERAL INDENTURE” attached hereto. The “basic documentation” which includes the Resolution, the Indenture and other documentation, authorizing the issuance of the Series 2026 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

The chief contacts for the City concerning the Series 2026 Bonds are:

Adam Cowie, City Administrator
Lindon City
100 North State Street
Lindon, Utah 84042
acowie@lindon.gov
(801) 785-5043

The chief contact person for the Municipal Advisor concerning the Series 2026 Bonds is:

Jason Burningham, Principal
LRB Public Finance Advisors, Inc.
41 North Rio Grande, Suite 101
Salt Lake City, Utah 84101
jason@lrbfinance.com
(801) 596-0700

THE SERIES 2026 BONDS

General

The Series 2026 Bonds are dated the date of their initial delivery and except as otherwise provided in the Indenture, shall bear interest from said date. Interest on the Series 2026 Bonds will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2027. The Series 2026 Bonds are issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

The Series 2026 Bonds shall bear interest at the rates and shall mature in each of the years as described on the inside cover page hereof. Interest on the Series 2026 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Interest on the Series 2026 Bonds will be payable by check or draft mailed by the Trustee to the registered owner thereof (initially DTC) as of the Regular Record Date. Principal of and premium, if any, on the Series 2026 Bonds will be payable at the principal corporate trust office of U.S. Bank Trust Company, National Association, Salt Lake City, Utah, as Trustee and Paying Agent, or its successor upon presentation of the Series 2026 Bonds by the registered owners or their duly authorized agents on or after the date of maturity or redemption.

The Series 2026 Bonds are limited obligations of the City, payable solely from the Net Revenues of the System, as described herein. The Series 2026 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 or any other agency or other political subdivision or entity of the State. The City will not mortgage or grant any security interest in the System or any portion thereof to secure payment of the Series 2026 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Redemption Provisions

Optional Redemption. The Series 2026 Bonds maturing on or prior to November 1, 2036*, are not subject to redemption prior to maturity. The Series 2026 Bonds maturing on or after November 1, 2037*, are subject to redemption prior to maturity at the option of the City in whole or in part on any Business Day on and after November 1, 2036*, at the redemption price of 100% of the principal amount of the Series 2026 Bonds to be redeemed plus accrued interest to the date of redemption (but without premium).

[Mandatory Sinking Fund Redemption. The Series 2026 Bonds maturing on November 1, 20____, are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date on the dates and in the principal amounts as follows:

Mandatory Sinking Fund
Redemption Date
(November 1)

Mandatory Sinking Fund
Redemption Amount

†

† Final Maturity Date

Upon redemption of any Series 2026 Bonds maturing on November 1, 20____ other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts for the Series 2026 Bonds maturing on November 1, 20____, in such order of mandatory sinking fund date as shall be directed by the City.]

* Preliminary; subject to change.

Notice of Redemption. In the event any of the Series 2026 Bonds are called for redemption as aforesaid, notice thereof identifying the Series 2026 Bonds to be redeemed will be given by the Trustee, by mailing a copy of the redemption notice by first class mail, postage prepaid not less than 30 nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Series 2026 Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2026 Bond with respect to which no such failure has occurred. Any notice mailed as provided in this paragraph shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice. After the notice shall have been given, the City shall deposit with, or otherwise make available to, the Trustee the funds required for the redemption of the Series 2026 Bonds to be redeemed, including accrued interest to the redemption date, at least five days before the date fixed for such redemption. All Series 2026 Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit with the Trustee at that time.

If at the time of mailing of any notice of redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Series 2026 Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business five days prior to the redemption date and that such notice shall be of no effect unless such moneys are so deposited.

Selection for Redemption. If fewer than all the Series 2026 Bonds are to be redeemed, the particular Series 2026 Bonds or portions of Series 2026 Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. In case any Series 2026 Bond shall be redeemed in part only, upon the presentation of such Series 2026 Bond for such partial redemption the City shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the City, a Bond or Bonds of the same series, interest rate, and maturity, in aggregate principal amount equal to the unredeemed portion of such Series 2026 Bond. The portion of any Series 2026 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof and in selecting portions of such Series 2026 Bonds for redemption, each such Series 2026 Bond shall be treated as representing that number of Series 2026 Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Series 2026 Bonds by \$5,000.

Book-Entry-Only System

The Series 2026 Bonds originally will be issued solely in book-entry form to DTC or its nominee, Cede & Co., to be held in DTC's book-entry system. So long as such Series 2026 Bonds are held in the book-entry-only system, DTC or its nominee will be the registered owner or Holder of such Series 2026 Bonds for all purposes of the Indenture, the Series 2026 Bonds and this Official Statement. Purchases of beneficial ownership interests in the Series 2026 Bonds may be made in denominations described above. For a description of the book-entry-only system for the Series 2026 Bonds, see "APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM."

Registration, Transfer and Exchange

In the event that the book-entry-only system has been terminated, the Series 2026 Bonds, upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Bondowner or his duly authorized attorney, may be exchanged for an equal aggregate principal amount of Series 2026 Bonds of the same series, designation, interest rate, and maturity and of any other authorized denominations.

For every such exchange or transfer of the Series 2026 Bonds, the Trustee may make a charge sufficient to reimburse it for any tax or governmental charge required to be paid with respect to such exchange or transfer of the Series 2026 Bonds, but may impose no other charge therefor.

The City and the Trustee shall not be required to issue, transfer, or exchange any Series 2026 Bond after the Regular Record Date with respect to any redemption of such Series 2026 Bond or during a period from and including any Regular Record Date with respect to any interest payment date to and including such interest payment date. The Regular Record Date, for each Interest Payment Date, is the fifteenth day of the month immediately preceding each Interest Payment Date and if such date is not a Business Day, the next preceding day which is a Business Day.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are special limited obligations payable from and secured solely by a pledge and assignment of the Net Revenues from the System and moneys on deposit in the funds and accounts (other than the Rebate Fund) held by the Trustee under the Indenture.

“Revenues” means all gross income and revenues of any kind, from any source whatsoever, derived from the ownership and operation of the System, including, without limitation, all fees, Direct Payments, rates, connection charges, impact fees imposed with respect to the System to the extent such impact fees may be pledged and available for the payment of the Bonds and other charges, the gross revenues of all improvements, additions, and extensions of the System hereafter constructed or acquired, and all interest earned by and profits derived from the sale of investments made with the income and revenues.

“Operation and Maintenance Expenses” means all expenses reasonably incurred in connection with the operation and maintenance of the System, whether incurred by the City or paid to any other entity pursuant to contract or otherwise, repairs and renewals (other than capital improvements) necessary to keep the System in efficient operating condition, including costs for water, cost of audits hereinafter required, payment of promotional and marketing expenses and real estate brokerage fees, payment of premiums for the insurance hereinafter required, Administrative Costs and, generally all expenses, exclusive of depreciation (including depreciation related expenses of any joint venture) and, any in-lieu of tax transfers to City funds, interest expense for interfund loans from City funds, and reimbursement to the City for general overhead and administration of the System, which under generally accepted accounting practices are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the System shall be included.

Net Revenues are the Revenues after provision has been made for the payment therefrom of Operation and Maintenance Expenses.

The Bonds are not general obligations of the City, the State or any agency, instrumentality, or political subdivision thereof. The issuance of the Bonds shall not directly, indirectly, or contingently obligate the City, the State, or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the Bonds.

No Debt Service Reserve Requirement

The Indenture establishes a Debt Service Reserve Fund with respect to Bonds issued under the Indenture. There is no Debt Service Reserve Requirement for the Series 2026 Bonds and no subaccount in the Debt Service Reserve Fund will be funded for the Series 2026 Bonds.

Application of Revenues

All Revenues shall be accounted for by the City separate and apart from all other moneys of the City and shall be set aside in the Revenue Fund.

The City shall cause to be paid from the Revenue Fund the following amounts for the following purposes and in the following order:

(1) As a first charge and lien on the Revenues, the City shall cause to be paid from the Revenue Fund from time to time as the City shall determine, all Operation and Maintenance Expenses of the System as the same become due and payable, and thereupon such expenses shall be promptly paid.

(2) So long as any Bonds are Outstanding under the Indenture, as a second charge and lien on the Revenues after payment of Operation and Maintenance Expenses, (i.e., the Net Revenues), such Revenues (and, if

applicable, any amounts on deposit in the Rate Stabilization Fund) shall be applied on or before the first day of each month as follows:

(i) approximately one-sixth (or one-twelfth in the event that the Supplemental Indenture provides that interest on the Bonds authorized thereunder is payable annually instead of semiannually) of the interest falling due on the Bonds on the next succeeding interest payment date established for the Bonds; provided, however, that in the event that less than six (or twelve, if applicable) months will transpire prior to the first interest payment date following the issuance of a Series of Bonds, the City shall transfer an amount equal to a fraction the numerator of which is one and the denominator of which is the number of full months to transpire prior to such Interest Payment Date times the amount of interest falling due on the Bonds on the next succeeding Interest Payment Date established for the Bonds; plus

(ii) approximately one-twelfth of the principal and premium and Sinking Fund Installments, if any, falling due on the next succeeding interest payment date established for the Bonds on which principal is due; provided, however, that in the event principal on a Series of Bonds is due on the first Interest Payment Date following the issuance of such Series, the City shall deposit an amount equal to a fraction the numerator of which is one and the denominator of which is the number of full months to transpire prior to such Interest Payment Date times the amount of principal and premium and Sinking Fund Installment, if any, due on such Interest Payment Date;

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 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.

(In lieu of monthly payments, a Supplemental Indenture may provide for semiannual payments to the Bond Fund, in which case the date of payment to the Trustee of an amount equal to the principal of, premium, if any, and interest falling due on the Bonds on the next succeeding Interest Payment Date shall not be less than fifteen days prior to said Interest Payment Date.)

(3) As a third charge and lien on the Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) (on a parity basis), the City 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 by the Indenture, 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 in the Indenture, 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 City shall deposit Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) 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 the Indenture) of remaining Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) 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 Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund), or a ratable portion (based on the amount to be transferred pursuant to the Indenture) of the amount so remaining if less than the amount necessary, that is required to be paid, on or before the next such monthly transfer or deposit of Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) 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 within one year from any draw date under the Reserve Instrument.

(4) As a fourth charge and lien on the Net Revenues (and, if applicable any amounts on deposit in the Rate Stabilization Fund), the City shall deposit in the Repair and Replacement Fund any amount required by the Indenture and by any Supplemental Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding (or, after the issuance of Additional Bonds, the amount required to be on deposit therein), from time to time, the City shall deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) of the System after payments required by the Indenture have been made until there is on deposit in the Repair and Replacement Fund an amount equal to the Repair and Replacement Reserve Requirement. Subject to the provisions of the Indenture, this provision is not intended to limit, and shall not limit, the right of the City to deposit additional moneys in the Repair and Replacement Fund from time to time as the City may determine.

(5) Subject to making the foregoing deposits, the City may use the balance of the Net Revenues accounted for in the Revenue Fund for any of the following:

- (i) redemption of Bonds;
- (ii) refinancing, refunding, or advance refunding of any Bonds;
- (iii) for transfer to the Rate Stabilization Fund; or
- (iv) for any other lawful purpose.

Rate Covenant

The City covenants in the Indenture that while any of the principal and interest payments on the Bonds are outstanding or unpaid or any Repayment Obligations are outstanding the rates for all services supplied by the System to the City and to its inhabitants and to all customers within or without the boundaries of the City shall be sufficient to pay the Operation and Maintenance Expenses for the System and to provide Net Revenues for each Bond Fund Year which when added to the Other Available Funds for such year (less Direct Payments) shall equal not less than 125% of the Aggregate Annual Debt Service Requirement on the Bonds for such year, plus an amount sufficient to fund the Debt Service Reserve Fund in the time, rate and manner specified in the Indenture; provided, however, that such rates must be reasonable rates for the type, kind and character of the service rendered. There shall be no free service, and such rates shall be charged against all users of the System, including the City. The City agrees that should its annual financial statement made in accordance with the provisions of the Indenture disclose that during the period covered by such financial statement the Net Revenues and Other Available Funds were not at least equal to the above requirement, the City shall request that a Qualified Engineer, independent accountant, or other independent financial consultant make recommendations as to the revision of the rates, charges, and fees and that the City on the basis of such recommendations will revise the schedule of rates, charges, and fees insofar as is practicable and further revise Operation and Maintenance Expenses so as to produce the necessary Net Revenues as required by the Indenture.

For purposes of the above, under the Indenture,

“Other Available Funds” means for any year the amount available throughout the applicable year for transfer from the Rate Stabilization Fund to the Revenue Fund, as designated by the City.

“Rate Stabilization Fund” means the voluntary fund of the City to be held by the City and administered pursuant to the Indenture. The Rate Stabilization Fund may be funded by the City from any legally available funds of the City and/or may be funded by the City from amounts transferred from the Revenue Fund as provided in the Indenture. The City may, from time to time, designate all or a portion of the amounts on deposit in the Rate Stabilization Fund as Other Available Funds. Except for amounts designated as provided in the immediately preceding sentence (for the year so designated), amounts on deposit in the Rate Stabilization Fund may be used by the City for

any lawful purpose. To the extent that amounts on deposit in the Revenue Fund are insufficient in any year for any of the purposes thereof the City covenants that, to the extent amounts are on deposit in the Rate Stabilization Fund, to transfer amounts from the Rate Stabilization Fund to the Revenue Fund to cover any such insufficiency. There are currently no plans to fund the Rate Stabilization Fund relating to the Bonds.

“Qualified Engineer” means any registered or licensed engineer or architect, or firm of such engineers or architects generally recognized to be qualified in engineering matters relating to construction and maintenance of municipal water systems. “Qualified Engineer” may include any registered or licensed engineer employed by the City.

Additional Bonds

No additional indebtedness, bonds or notes of the City secured by a pledge of the Revenues senior to the pledge of the Net Revenues for the payment of the Bonds shall be created or incurred without the prior written consent of the owners of 100% of the Outstanding Bonds. In addition, no Additional Bonds or other indebtedness, bonds or notes of the City payable on a parity with the Bonds and out of Net 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 provision 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 the City to the effect that the Net Revenues for any Year in the 24 months immediately preceding the proposed date of issuance of such Additional Bonds were at least equal to 125% of the sum of the Aggregate Annual Debt Service Requirement on all Bonds outstanding for said Year; provided, however, that such Net Revenue coverage test set forth above in this subsection (b) 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) In the case of Additional Bonds issued to finance a Project, the City shall have delivered to the Trustee a certificate from an authorized representative of the City:

(i) setting forth the Estimated Net Revenues as described below (assuming, if applicable, the completion of the Project, or any portion thereof, financed with proceeds of the Additional Bonds) either:

(A) for each of the two Bond Fund Years succeeding the latest estimated date of completion of the Project, or any portion thereof, if proceeds of the Additional Bonds are used to fund interest during the construction period, or

(B) if (A) is not the case, for the then current Bond Fund Year and each succeeding Bond Fund Year to and including the second Bond Fund Year succeeding the latest estimated date of completion of the Project, or any portion thereof; and

(ii) verifying that the Estimated Net Revenues as shown in (i) above for each of such Bond Fund Years plus Other Available Funds are not less than 125% of the Aggregate Annual Debt Service Requirement for each of such Bond Fund Years with respect to all of the Bonds and Additional Bonds which would then be Outstanding (after taking into account any principal

reductions resulting from regularly scheduled principal or sinking fund redemption payments) and the Additional Bonds so proposed to be issued.

For purposes of issuing Additional Bonds, "Estimated Net Revenues" shall be determined by the City as follows:

(A) The total Net Revenues of the System for any Year in the 24 months immediately preceding the authentication and delivery of the Additional Bonds shall first be determined. For purposes of these calculations, Revenues may be adjusted to give full effect to rate increases implemented prior to the issuance of the Additional Bonds.

(B) Next, the additional Net Revenues, if any, resulting from the Project, or any portion thereof, financed with the proceeds of the Additional Bonds will be estimated by a Qualified Engineer for the applicable Bond Fund Years as determined in (c)(i)(A) or (B) above.

(C) The Estimated Net Revenues will be the sum of the Net Revenues as calculated in (A) above, plus 80% of the estimated additional Net Revenues as calculated in (B) above.

(d) 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 (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

(e) 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).

The Series 2026 Bonds are the initial Series of Bonds to be issued under the General Indenture. There are currently no other outstanding bonds payable from Net Revenues. The City does not anticipate issuing any series of Additional Bonds during the next three years to finance the costs of capital improvements to the System, but reserves the right to do so.

SERIES 2026 PROJECT

A portion of the proceeds from the Series 2026 Bonds will be used to finance improvements to the System, including a new well house and related connections and major water pipeline replacements as further described below.

- Completion of a well house for new culinary well (Well #5) that was drilled in 2024-2025. The structure will contain the pump and motor, electrical and electronic components for its operation, valving, chlorine room and connecting pipes to the street. Construction is expected to begin in December 2026 and be completed by December 2027.

- Installation of upsized water distribution pipelines from Well #5. Well #5 requires upsized pipelines from the well tie and, where needed, isolation valves, new services and water meters. Construction is expected to begin in January 2027 and be completed by April 2027.

- Replacement of Geneva Road water pipeline will replace 4,170' of 10" ductile iron pipe that was installed in 1978 and which has experienced multiple pipe leaks over the years under a road that is owned by the Utah Department of Transportation. This road is slated to be repaved by the State in a few years. The City will replace the pipeline ahead of the repaving project in order to save money on a more elaborate patching repair that would otherwise be required by the State if the City were to cut into a recently paved roadway. Construction is expected to begin in March 2028 and be completed by June 2028.

- Replacement of State Street water pipeline will replace 7,200' of 8" ductile iron pipe that was installed between 1972 and 1978. Like the Geneva Road water pipeline replacement, this project will replace pipeline under a road owned by the Utah Department of Transportation and scheduled to be repaved and saves money by installing the replacement before the road is repaved. Construction is expected to begin in February 2029 and be completed by June 2029.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds for the Series 2026 Bonds are as follows:

Sources of Funds

Par Amount of Series 2026 Bonds	\$
[Net] Original Issue Premium	
Total	\$

Uses of Funds

Deposit to Series 2026 Acquisition/Construction Account	\$
Purchaser's discount	
Costs of Issuance ⁽¹⁾	
Total	\$

⁽¹⁾ Includes municipal advisor fees, legal, rating agency, Trustee fees, and other costs and expenses related to the issuance of the Series 2026 Bonds.

DEBT SERVICE SCHEDULE

The following table sets forth the debt service schedule for the Series 2026 Bonds. Figures are rounded to the nearest dollar.

Payment Date	Series 2026 Bonds <u>Principal*</u>	<u>Interest</u>	Fiscal <u>Year Total</u>
5/1/2027	-		
11/1/2027	\$205,000		
5/1/2028	-		
11/1/2028	215,000		
5/1/2029	-		
11/1/2029	230,000		
5/1/2030	-		
11/1/2030	240,000		
5/1/2031	-		
11/1/2031	250,000		
5/1/2032	-		
11/1/2032	265,000		
5/1/2033	-		
11/1/2033	280,000		
5/1/2034	-		
11/1/2034	295,000		
5/1/2035	-		
11/1/2035	310,000		
5/1/2036	-		
11/1/2036	325,000		
5/1/2037	-		
11/1/2037	340,000		
5/1/2038	-		
11/1/2038	355,000		
5/1/2039	-		
11/1/2039	375,000		
5/1/2040	-		
11/1/2040	395,000		
5/1/2041	-		
11/1/2041	415,000		
5/1/2042	-		
11/1/2042	435,000		
5/1/2043	-		
11/1/2043	460,000		
5/1/2044	-		
11/1/2044	480,000		
5/1/2045	-		
11/1/2045	505,000		
5/1/2046	-		
11/1/2046	535,000		
5/1/2047	-		
	<u>\$6,910,000*</u>		

* Preliminary; subject to change.
(Source: The Municipal Advisor.)

THE SYSTEM

Under the Indenture, the System is defined as, collectively, the City's water facilities, equipment and improvements, together with any additions, repairs, renewals, replacements, expansions, extensions and improvements to said System, or any part thereof, hereafter acquired or constructed, and together with all lands, easements, interests in land, licenses, water rights and rights of way of the City and all other property, structures, equipment of the City and contract rights and other tangible and intangible assets of the City now or hereafter owned or used in connection with or related to said System.

The System is comprised of a culinary water system and a secondary water system. The oldest portions of the System are approximately 65 years old. The System serves a resident population of approximately 12,015 people through approximately 3,783 culinary water connections and 3,044 secondary water connections as of June 30, 2026.

General–Culinary Water Facilities

The portion of the System which provides culinary water service to the residents of the City (the “Culinary Water Facilities”) was originally constructed beginning in 1924. Since then, additional tanks, wells, and distribution pipes have been constructed to support the growth of the community. The Culinary Water Facilities distribution system consists of pipelines, valves, fittings, and other appurtenances used to convey water from sources and storage tanks to water users. The existing Culinary Water Facilities contain approximately 93 miles of PVC pipe and ductile iron pipe with diameters of 6 inches to 18 inches. The Culinary Water Facilities also include four storage tanks that have an aggregate storage capacity of 3.78 million gallons (“MG”).

A portion of the proceeds from the Series 2026 Bonds will be used to construct a new wellhouse and related connections, and upgrades to existing waterlines.

The Culinary Water Facilities also supply water for outdoor irrigation in certain areas of the City that are not connected to the Secondary Water Facilities (see “—General–Secondary Water Facilities” below).

Water Sources and Storage Capacity

Water Sources. The System currently has four wells and a spring that collectively provide a peak day capacity of 3,618 gallons per minute (“gpm”) and an annual source capacity of 3,656 acre-feet (“ac-ft”). Peak day demand is the water demand on the day of the year with the highest water use. The System has two water pump stations which enable water to be transferred among the System's five pressure zones.

Water Sources

<u>Source</u>	<u>Peak Day Source Capacity (gpm)</u>	<u>Annual Source Capacity (ac-ft)</u>
Well #1	400	581
Well #2	200	290
Well #3	500	726
Well #4	2,500	2,016
Dry Canyon Spring	<u>18</u>	<u>43</u>
Total	3,618	3,656

A portion of the proceeds of the Series 2026 Bonds will be used to finance the construction of a wellhouse for an already drilled fifth well (Well #5) and related connecting pipe improvements to provide needed redundancy to the System. When operational, Well #5 is expected to add source capacity of approximately 2,500 gpm.

Historical Water Supplies. The table below provides historical data on the actual amount of water supplied for each year and the amount billed for the corresponding year. The City estimates that the Culinary Water Facilities currently experience an average of 26% water loss or “non-revenue water.” A portion of the proceeds of the Series 2026 Bonds will be used to replace major water pipelines that experience frequent water breaks, which is expected to decrease water loss. The City continues to replace water meters that are 10 years or older and leaking water pipes as they are located as the City budget allows to reach its goal of less than 10% of unaccounted water.

Water Supplied and Billed

<u>Fiscal Year</u>	<u>Water Supplied (ac-ft)</u>	<u>Water Billed (ac-ft)</u>
2026*	1,558*	1,096*
2025	2,284	1,549
2024	2,450	1,679
2023	2,481	1,449
2022	2,452	1,410

* Preliminary, subject to change.

Storage Capacity. The Culinary Water Facilities include four concrete water tanks ranging in size from 60 to 132 feet in diameter.

Storage Capacity

<u>Tank</u>	<u>Volume (MG)</u>
835 East 1	0.95
835 East 2	0.50
Canberra	0.33
2 MG	<u>2.00</u>
Total	<u>3.78</u>

Culinary Water Connections

The following table provides historical information regarding connections to the System for the fiscal years shown:

<u>Fiscal</u>	<i>Connection Type</i>						
<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Institutional</u>	<u>Total</u>	<u>Total Billed Use (ac-ft)</u>	<u>Total ERCs</u>
2026	3,284	231	190	78	3,783	1,096.15	5,300
2025	3,213	228	189	70	3,700	1,549.35	5,180
2024	3,148	224	189	66	3,627	1,679.47	5,083
2023	3,098	224	190	60	3,572	1,449.48	5,012
2022	3,057	220	188	59	3,524	1,410.30	4,944

Major Culinary Water Facilities Users

The major users of the System for the fiscal year ended June 30, 2025, are set forth in the following table.

<u>Entity</u>	<u>Gallons in Thousands</u>	<u>Sales</u>	<u>Percent of Total Sales</u>
Lindon Aquatics Center	17,334	\$77,355	4.90%
Awardco Inc.	10,505	44,285	2.80
The Candy Co, LLC	6,383	27,393	1.73
North Pointe Solid Waste SSD	5,746	15,924	1.01
Lindon Storage Partners	4,599	20,257	1.28
Alpine Management	4,594	18,840	1.19
Murdock Hyundai & Genesis	4,537	18,993	1.20
Lindon Mobile Home Park	4,205	17,483	1.11
Alexander's Digital Printing	4,107	16,662	1.06
MS Business Properties Group	<u>3,904</u>	<u>17,333</u>	<u>1.10</u>
Total of major users	<u>65,914</u>	<u>\$274,525</u>	<u>17.38</u>

General-Secondary Water Facilities

The portion of the System which provides secondary water service to residents and customers of the City (the "Secondary Water Facilities") includes four storage facilities, four pump stations, five pressure zones, and approximately 54 miles of pipe with diameters ranging from 4 inches to 18 inches. The City began implementing a State-mandated secondary water metering program in 2022 and as of August 2026, 80% of System customers have secondary water meters. The City also has ongoing conservation efforts to manage outdoor water use.

Sources and Supplies of Secondary Water

The City receives its secondary water through the sources listed below. The City purchases secondary water from the Central Utah Water Conservancy District (the "CUWCD") under a perpetual contract.

<u>Source</u>	<u>Type</u>	<u>Annual Flow Capacity (Ac-ft)⁽¹⁾</u>
CUWCD Alpine Reach 3 Connection ⁽²⁾	Contract	924
Provo River Aqueduct	Multiple Water Rights	6,066
Zone 4 Land Drains	Land drains	<u>164</u>
Total		<u>7,154</u>

⁽¹⁾ Annual flow capacity is limited by water rights or contract amount.

⁽²⁾ In years where the full annual contract amount is not used, the City can bank the unused amount and use it in dry years.

The Secondary Water Facilities also include two tanks and two ponds with a total storage capacity of 39.6 ac-ft.

The City believes that it has sufficient supplies of secondary water from its existing sources and through its contractual arrangements to provide water to its residents through the build-out of the City.

System Water Rights, Licenses, Permits, Approvals and Environmental Considerations

The City has obtained all necessary state and local licenses, permits and approvals to operate the Culinary Water and Secondary Water Facilities of the System.

Environmental Matters

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

System Rates and Billing

The City has full and independent power, as granted by State law, to establish revenue levels and rate design for water service provided by the City. The City is not subject to rate regulation by any state or federal regulatory body, and is empowered to set rates effective at any time.

System services are billed in a combined monthly statement which also includes sewer, storm water, garbage, and recycling services provided by the City. The City has adopted a disconnection policy for nonpayment of bills for utility services, including services provided by the System. If billed utility services are not paid by the 15th of each month, a \$5 late fee is assessed. A utility bill is considered delinquent if not paid by the 25th of the month, at which time water service is disconnected and an additional late charge of \$10.00 is assessed. A fee of \$50.00 must be paid before service is resumed. Delinquent accounts are sent to a third-party collections agency after six months of non-payment.

Culinary Water. The City bases its water rates on the nature and rate of water use by the customer and the customer's location in one of three pumping areas ("Below North Union Canal," "Above North Union Canal," and "Upper Foothills"). Culinary Water Facilities customers are billed a monthly base rate based on occupancy type and meter size plus a monthly usage rate as shown below. The rates shown below are as of July 1, 2026. The City reviews potential rate increases annually.

Base Rate Type							
Single Family Residential	1 Base Rate, based on meter size and zone						
Multi-Family Residential	½ Base Rate, 1” meter by zone						
Other Residential	¼ Base Rate, 1” meter by zone						
Non-Residential	1 Base Rate, based on meter size and zone						
Base Rates							
<u>Zone</u>	<u>1”</u>	<u>1 1/2”</u>	<u>2”</u>	<u>3”</u>	<u>4”</u>	<u>6”</u>	<u>8”</u>
Below North Union Canal	\$33.68	\$67.36	\$107.78	\$235.76	\$424.37	\$875.68	\$1,077.76
Above North Union Canal	39.09	72.77	113.19	241.17	429.78	881.09	1,083.17
Upper Foothills	56.33	90.01	130.43	258.41	447.02	898.33	1,100.41
Usage Rate							
<u>Zone</u>	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Block</u>		
					<i>Usage Rate per 1,000 gallons</i>		
Below North Union Canal	\$1.97	\$2.57	\$3.46	\$4.73			
Above North Union Canal	2.43	3.16	4.27	5.84			
Upper Foothills	2.43	3.16	4.27	5.84			

Thousands of Gallons of Water Included in Each Block of Water

<u>Meter Size</u>	<u>Block of Water (thousands of gallons)</u>			
	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>
1"	0-6	7-12	13-24	More than 24
1 ½"	0-12	13-24	25-48	More than 48
2"	0-19	20-38	39-77	More than 77
3"	0-42	43-84	85-168	More than 168
4"	0-76	77-151	152-302	More than 302
6"	0-156	157-312	313-624	More than 624
8"	0-192	193-384	385-768	More than 768

Secondary Water. Except for one area in the western area of the City (known as the “Anderson Farms Subdivision”), all connections to the Secondary Water Facilities are charged a monthly fee based on lot size. The original system installed in 1993 east of 800 West Street had commitments made by prior elected officials not to raise secondary water base rates, until the State Division of Natural Resources mandated that all secondary water connections must be metered and be charged for usage by December 31, 2030. On or before this deadline, the City will require all secondary water connections to be billed a monthly base rate fee and usage rate fee. The Anderson Farms Subdivision, as part of a development agreement, installed a shallow water table ground water collection system in order to build basements on the Anderson Farms Subdivision and installed a land drainage system that provides water for secondary water use. This subdivision has been paying a base fee and usage rate fee for each secondary connection since its installation in 2017.

Non-Agricultural Monthly Fee

Lots up to 11,000 sq. ft.	\$8.00
Lots 11,001 - 21,000 sq. ft.	10.00
Lots 21,001 - 28,000 sq. ft.	15.00
Lots 28,001 - 40,000 sq. ft.	20.00
Lots 40,001 - 60,000 sq. ft.	30.00
Lots 60,001 - 80,000 sq. ft.	40.00
Lots 80,001 - 87,120 sq. ft.	50.00
Lots 2 acres or more	50.00 + Each ¼ acre (or part thereof) \$3.00

Metered Secondary Water Base Rates and Usage Fee for Anderson Farms Subdivision

Meter Size	<u>≤1"</u>	<u>1.5"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>
Base Rate	\$7.11	\$14.24	\$22.78	\$49.83	\$89.70

Usage rate per 1,000 gallons:

If using treated water:	See Culinary Water Usage Rates and Blocks
If using untreated water:	\$0.64

Agricultural Monthly Fee

Base rate \$10.00 plus	\$3.00 for each acre (or part thereof)
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Agricultural land is that which is planted into pasture, hay, grains, vegetables, fruits, or other identifiable agronomy products and can be subdivided.

Fire Hydrant: A hydrant meter will be supplied by the City upon receipt of a \$1,500 meter deposit. No fire department will be charged for water taken in furtherance of efforts to protect persons or property or to otherwise carry out normal operations of the fire department.

Water Meter Rental Rates

Minimum charge \$50
Per Day \$5
Per Week \$25
Per Month \$75

Water Meter Water Usage (per 1,000 gallons)

Block 1 \$2.12
Block 2 \$2.76
Block 3 \$3.72
Block 4 \$5.08

<u>Meter Size</u>	<u>Block of Water (thousands of gallons)</u>			
	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>
1"	0-6	7-12	13-24	More than 24
1 ½"	0-12	13-24	25-48	More than 48
2"	0-19	20-38	39-77	More than 77
3"	0-42	43-84	85-168	More than 168
4"	0-76	77-151	152-302	More than 302
6"	0-156	157-312	313-624	More than 624
8"	0-192	193-384	385-768	More than 768

Impact Fees. For culinary water service, the City charges an impact fee for customers connecting to the System. The following table shows the impact fees charged by the City for culinary water service.

Culinary Water Facilities–Impact Fees

1" Meter	\$1,467
1.5" Meter	4,886
2" Meter	7,820
3" Meter	17,115
4" Meter	30,807
6" Meter	63,570
8" Meter	78,240

System Connection Fees. The City also charges a connection fee to install connection to the Culinary and/or Secondary Facilities as shown below.

<u>Type of Connection</u>	<u>Connection Fee</u>
1" Culinary Water	\$650
1.5" Culinary Water	1,100
2" Culinary Water	1,300
Larger sized meters	paid for and installed by developer
¾" Secondary Water (lots smaller than 10,000 sq. ft.)	\$650
1" Secondary Water	650
1.5" Secondary Water	1,100
2" Secondary Water	1,300
Larger sized meters	paid for and installed by developer

HISTORICAL AND PRO FORMA DEBT SERVICE COVERAGE

The following table presents historical and projected Net Revenues and debt service coverage calculated on the basis described herein for purposes of the rate covenant under the General Indenture. Impact fee revenues are separately identified, and supplemental coverage excluding those revenues is also presented. Projected results reflect the assumptions described below and are subject to change; actual results may differ materially.

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HISTORICAL AND PRO FORMA DEBT SERVICE COVERAGE

	HISTORICAL					Unaudited	PROJECTED				
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Operational Revenues											
Service fees	3,168,021	2,942,073	3,301,663	3,412,587	3,693,854	3,856,306	4,031,570	4,232,271	4,443,172	4,664,789	4,886,229
Other fees	63,412	42,402	44,573	34,271	40,536	44,936	35,000	35,000	35,000	35,000	35,000
Miscellaneous	394,397	279,700	296,556	104,596	129,925	522,396	40,200	40,200	40,200	40,200	40,200
Total Operational Revenues	3,625,830	3,264,175	3,642,792	3,551,454	3,864,315	4,423,638	4,106,770	4,307,471	4,518,372	4,739,989	4,961,429
Percent Increase/Decrease	0.00%	-9.97%	11.60%	-2.51%	8.81%	14.47%	-7.16%	4.89%	4.90%	4.90%	4.67%
Operational Expenses											
Salaries and wages	253,429	249,937	300,533	305,840	327,855	342,890	393,150	404,945	417,093	429,606	442,494
Employee benefits	104,545	87,485	119,396	128,652	193,350	177,106	206,400	212,592	218,970	225,539	232,305
Materials, supplies, and services	901,144	1,028,304	1,422,132	1,852,623	1,667,531	1,570,872	1,695,616	1,746,484	1,798,879	1,852,845	1,908,431
CUWCD Contract Pmts. - Bonneville Unit (Water Source)	142,404	142,404	142,404	142,404	142,404	142,404	142,404	142,404	142,404	142,404	142,404
Admin costs to general fund	223,536	246,560	-	-	-	298,000	320,000	329,600	339,488	349,673	360,163
Public works admin costs to general fund	178,565	266,916	301,704	308,058	351,567	407,723	306,135	315,319	324,779	334,522	344,558
Total Operational Expenses	1,803,623	2,021,606	2,286,169	2,737,577	2,682,707	2,938,995	3,063,705	3,151,344	3,241,612	3,334,588	3,430,354
Percent Increase/Decrease	0.00%	12.09%	13.09%	19.75%	-2.00%	9.55%	4.24%	2.86%	2.86%	2.87%	2.87%
Non-Operational Revenues & Expenses											
Interest income	3,564	4,041	34,491	49,623	202,612	177,758	125,000	125,000	125,000	125,000	125,000
Impact fee contributions	199,691	176,248	132,453	144,226	160,736	67,955	60,000	60,000	60,000	60,000	60,000
Total Non-Operational Revenues & Expenses	203,255	180,289	166,944	193,849	363,348	245,713	185,000	185,000	185,000	185,000	185,000
Percent Increase/Decrease	0.00%	-11.30%	-7.40%	16.12%	87.44%	-32.38%	-24.71%	0.00%	0.00%	0.00%	0.00%
Total Revenue Available For Debt Service	2,025,462	1,422,858	1,523,567	1,007,726	1,544,956	1,730,357	1,228,065	1,341,127	1,461,759	1,590,400	1,716,075
Total Revenue Available For Debt Service (without Impact Fees)	1,825,771	1,246,610	1,391,114	863,500	1,384,220	1,662,402	1,168,065	1,281,127	1,401,759	1,530,400	1,656,075
Debt Service											
Water Revenue Bonds, Series 2026*	-	-	-	-	-	-	162,193	545,375	544,875	548,750	547,000
Total Debt Service	-	-	-	-	-	-	162,193	545,375	544,875	548,750	547,000
Debt Service Coverage							7.57	2.46	2.68	2.90	3.14
Debt Service Coverage (without Impact Fees)							7.20	2.35	2.57	2.79	3.03

Notes:

- Operational revenues have been projected at a 5.00% annual increase.
 - Operational expenses have been projected at a 3.00% annual increase, with the exception of the CUWCD contract amount, which is fixed.
- * Preliminary; subject to change.
(Source: The City and th Municipal Advisor)

THE CITY

General Information

The City was incorporated in 1924 and is located in northern Utah County approximately 33 miles south of Salt Lake City. The City extends east to the Wasatch Mountains and west to Utah Lake. It is bordered by the cities of Orem, Pleasant Grove and American Fork, and has an area of approximately 8.6 square miles. About 30% of the land in the City is zoned for residential use, while approximately 20% is zoned for commercial and 15% is zoned for industrial and manufacturing use with the remaining 35% zoned as Recreational Mixed Use (primarily open space). The City reports that it is approximately 75% built out. The U.S. Census Bureau estimated the City's 2025 population to be 12,015.

For additional information regarding the City, see "APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025" and "APPENDIX C—ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND UTAH COUNTY."

Form of Government

The City is organized under a six-member council form of government. The City Council consists of five councilmembers and a mayor elected at large for staggered four-year terms. The Mayor is a non-voting member of the City Council, only voting in case of a tie. The Mayor presides at all City Council meetings. The chief executive officer of the City is the City Administrator who is appointed by the City Council. Department heads are full-time employees of the City and are responsible for day-to-day operations within the policy framework of the City Council. They report to the City Administrator, who in turn, reports to the Mayor and the City Council.

The principal powers and duties of Utah municipalities are to maintain law and order, abate nuisances, guard public health and sanitation, promote recreation, provide fire protection, and to construct and maintain streets, sidewalks, waterworks, and sewers. Municipalities may also operate electric, natural gas, and telecommunications systems. Municipalities also regulate commercial and residential development within their boundaries by means of zoning ordinances, building codes, and licensing procedures.

The current members of the City Council, the Mayor and certain members of the city administration, their respective tenures in office and the expiration dates of their current terms are as follows:

<u>Office</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Term</u>
Mayor	Carolyn Lundberg	15 ⁽¹⁾	January, 2030
Council Member	Van Broderick	12	January, 2030
Council Member	Cole Hooley	3	January, 2028
Council Member	Jake Hoyt	12	January, 2030
Council Member	Lincoln Jacobs	3	January, 2028
Council Member	Steve Stewart	3	January, 2028
City Administrator	Adam Cowie	22 ⁽²⁾	Appointed
City Attorney	Brian Haws	23	Appointed
Finance Director	Kristen Aaron	24	Appointed
Assistant Finance Director	Chase Adams	5	Appointed
City Treasurer	Hayden Peterson	3	Appointed
City Recorder	Britni Laidler	3	Appointed
Public Works Director	Juan Garrido	6	Appointed

1. Mrs. Lundberg has served as Mayor since 2022, and prior to that was a member of the City Council and a Planning Commissioner for the City.

2. Mr. Cowie has served as City Administrator for the last 14 years; prior to that he was the Planning and Economic Development Director for the City.

Employee Workforce and Retirement System

The City employs approximately 58 full-time employees and 31 part-time employees, with 283 seasonal/temporary employees, for a total of 372 employees during its peak summer season. The City is a member of the Utah Retirement Systems (“URS”), which provides and administers deferred and defined compensation plans. For information regarding the City’s participation in URS, see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025—Notes to the Financial Statements—Note 9. Pension Plans.” The City does not offer any other post-employment benefits.

Risk Management

The City is exposed to various risks of loss including third party claims; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is insured by Utah Local Government Trust for liability and property. Real property is either self-insured or insured through commercial policies. Where possible and appropriate, in contractual transactions with other persons or entities, responsibility for damages is transferred to the other party or person(s) that perform work for the City. The City is insured by Utah Local Government Trust for worker’s compensation claims. The coverage is \$100,000 per incident with no deductible. No claims exceeded this coverage in any of the three prior years.

Investment of Funds

Investment of Operating Funds; The Utah Money Management Act. The Utah Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended (the “MM Act”) governs the investment of all public funds held by public treasurers in the State. It establishes criteria for investment of public funds with an emphasis on maintaining safety, liquidity, and yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The MM Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, approved government agency securities and investments in corporate securities carrying “top credit ratings.” The MM Act also provides for pre-qualification of broker dealers requiring that broker dealers must agree in writing to comply with the MM Act and certify that they have read and understand the MM Act. The MM Act establishes the Money Management Council (the “MM Council”) to exercise oversight of public deposits and investments. The law requires all securities to be delivered via payment to the Treasurer’s safekeeping bank. It requires diversification of investments, especially in securities of corporate issuers. Not more than 5% of the portfolio may be invested with any one issuer. Investments in mortgage pools and mortgage derivatives or any security making unscheduled periodic principal payments are prohibited. The MM Act also defines the State’s prudent investor rules. The MM 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 of the provisions of the MM Act for all City operating funds. A significant portion of the City’s funds are invested in the Utah Public Treasurers’ Investment Fund (“PTIF”), as discussed herein.

The Utah Public Treasurers’ Investment Fund. The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. The PTIF invests to ensure safety of principal, liquidity and a competitive rate of return. All moneys transferred to the PTIF are promptly invested in securities authorized by the MM Act. Safekeeping and audit controls for all investments owned by the PTIF must comply with the MM Act.

All investments in the PTIF must comply with the MM Act and rules of the MM Council. The PTIF invests only in securities authorized by the MM Act including time certificates of deposit, top-rated commercial paper and corporate notes, treasuries and certain agencies of the U.S. Government. The maximum weighted average adjusted life of the portfolio, by policy, is not to exceed 90 days. The maximum final maturity of any security purchased by the PTIF is limited to three years, except that a maximum maturity of five years is allowed for treasury or agency securities whose rate adjusts at least annually.

By law, investment transactions are conducted only through certified dealers, qualified depositories or directly with issuers of the securities. All securities purchased are delivered via 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.

Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the U.S. Government. These short-term securities must be rated "first tier" ("A1," "P1," for short-term investments and "A" or better for long-term investments) by two nationally recognized statistical rating organizations, one of which must be Moody's or S&P. These securities represent limited risks to governmental institutions investing with the PTIF. Variable rate securities in the PTIF must have an index or rate formula that has a correlation of at least 94% of the effective Federal Funds rate.

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

See "APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025—Notes to Financial Statements—Note 3. DEPOSITS AND INVESTMENTS."

Additional Information

For additional information with respect to the City and its finances see "FINANCIAL INFORMATION REGARDING THE CITY," "APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025" and "APPENDIX C—ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND UTAH COUNTY."

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DEBT STRUCTURE OF THE CITY

The following tables set forth the outstanding obligations of the City as of October 1, 2026.

OUTSTANDING WATER REVENUE BONDS

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>
2026 ⁽¹⁾	System Improvements	\$6,910,000*	November 1, 2046*	<u>\$6,910,000*</u>

* Preliminary; subject to change.

(1) For purposes of this Official Statement, the Series 2026 Bonds will be considered issued and outstanding.

OUTSTANDING SEWER REVENUE BONDS

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>
2026C ⁽²⁾	Improvements	\$3,045,000*	November 1, 2046*	\$3,045,000*
2026B ⁽²⁾	Refunding	1,262,000	December 1, 2032	563,899
2026A ⁽²⁾	Refunding	3,000,000	July 1, 2031	895,000
Total.....				<u>\$4,503,899*</u>

* Preliminary; subject to change.

(2) On or about the time of issuance of the Series 2026 Bonds, the City plans to issue its Sewer Revenue and Refunding Bonds, Series 2026A, Series 2026B, and Series 2026C. For purposes of this Official Statement, these bonds are considered issued and outstanding.

OUTSTANDING SALES TAX REVENUE BONDS⁽³⁾

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>
2023 ⁽⁴⁾	700 North Project Area	\$3,579,000	November 1, 2033	\$2,684,000
2015	Refunding	7,470,000	July 15, 2033	<u>3,875,000</u>
Total.....				<u>\$6,559,000</u>

(3) The City also has a contingent obligation from a subordinate pledge of the sales and use tax revenues for UTOPIA; see “Other Financial Considerations” below.

(4) The Tax Increment and Sales Tax Revenue Bonds, Series 2023 were issued by the City’s Redevelopment Agency. Debt service on these bonds is primarily paid from a pledge of sales and use tax revenues by the City and certain sales tax increment revenues.

Other Financial Considerations

The City also has an outstanding obligation under a 1997 agreement with the Central Utah Water Conservancy District (“CUWCD”), Central Utah Project, for certain annual water rights for a term of 50 years. Pursuant to the agreement with CUWCD, as modified by a related CUWCD grant in 2000, the City deferred payment on the agreement until February 2008. Payments are made annually by the City with interest at 3.222% per annum. The final payment under the agreement is due in February 2047. As of June 30, 2026, the City owes \$2,149,015 under the agreement.

The City also has a note payable outstanding as of June 30, 2026, in the amount of \$667,779. The debt was issued to finance construction to increase waste water discharge capacity related to the expansion of the City of Orem’s Water Reclamation Facility, with which the City contracts to process its waste water.

The City entered into a Second Amended and Restated Pledge and Loan Agreement (the “UTOPIA Pledge Agreement”), dated as of December 1, 2011, with the Utah Telecommunications Open Infrastructure Agency

(“UTOPIA”), to participate in the financing of a fiberoptic network in the City. Under the UTOPIA Pledge Agreement the City pledged its sales and use taxes to UTOPIA up to a maximum annual amount which increases by 2% each year (the “UTOPIA Subordinate Obligation”). The maximum annual pledge for fiscal year 2026 was \$511,990. The City’s UTOPIA Subordinate Obligation expires in fiscal year 2040, with a final maximum annual pledge of \$674,435.

The City has a contingent liability in connection with its participation in the Utah Infrastructure Agency (the “UIA Obligation”). The UIA Obligation is payable from franchise tax revenues received by the City. The maximum annual amount of the UIA Obligation is \$172,516. The City also has a note payable outstanding as of June 30, 2026, in the amount of \$163,803 which is payable to the Utah Infrastructure Agency (“UIA”) for hookup costs of City residents to UIA’s fiber-optic network.

No Defaulted Bonds

The City has never failed to pay principal and interest when due on any of its bonds, notes or other financial obligations.

Future Debt Plans

The City does not have any current plans to issue Additional Bonds on a parity with the Series 2026 Bonds within the next three years, but reserves the right to do so as its capital needs require. The City plans to issue its Sewer Revenue Bonds, Series 2026C in total aggregate principal amount of approximately \$3,045,000 at or about the same time as the Series 2026 Bonds.

Within the next two years, the Redevelopment Agency of the City plans to issue a series of tax increment and sales tax revenue bonds.

The City currently has no plans to issue any other bonds for capital projects but reserves the right to do so as capital needs require and in conformity with existing debt service coverage requirements.

FINANCIAL INFORMATION REGARDING THE CITY

Five-Year Financial Summaries

The following tables set forth a summary of certain financial information regarding the City and have been extracted from the City’s financial statements for the fiscal years shown. The following tables themselves have not been audited.

LINDON CITY
Statement of Net Position—Governmental Activities
(This summary has not been audited.)

	2025	2024	2023	2022	2021
<i>Fiscal Year Ended June 30,</i>					
<u>Assets:</u>					
Cash & cash equivalents	\$6,615,323	\$6,399,396	\$8,636,131	\$9,200,097	\$7,041,238
Receivables:					
Taxes	2,341,629	2,308,734	2,306,079	2,230,126	2,159,550
Intergovernmental	1,229,072	1,095,670	1,102,642	1,254,164	1,164,648
Lease	6,946,165	141,323	173,788	—	—
Other	295,810	257,558	289,414	314,269	222,516
Prepaid assets	46,095	88,490	228,043	83,776	5,851
Escrow deposit	150,000	—	—	—	—
Internal balances	1,032,405	1,083,900	(12,704)	(129,581)	(3,114)
Restricted Cash & Cash equivalents	6,170,322	8,237,893	8,389,691	6,937,021	5,406,203
Restricted Accounts receivable	697,233	436,474	409,285	419,753	391,969
Net pension asset	—	—	—	1,207,748	—
<i>Capital assets, not depreciated</i>					
Land & collectibles	15,334,056	15,334,056	5,585,314	5,585,314	5,607,775
Water stock & rights	69,550	69,550	69,550	69,550	69,550
Construction in progress	3,694,178	2,790,980	2,608,741	245,122	510,363
Capital assets, net of depreciation:					
Buildings	5,283,252	5,514,731	5,159,407	4,977,720	5,095,925
Infrastructure	26,933,819	25,195,826	23,488,651	20,486,649	20,052,053
Improvements other than buildings	4,122,960	4,490,753	2,392,980	2,631,418	2,271,970
Machinery & equipment	389,966	304,338	279,087	259,415	283,346
Vehicles	654,637	543,555	824,332	884,653	860,664
Lease assets	582,071	841,731	—	—	—
Total Assets	<u>82,588,543</u>	<u>75,134,958</u>	<u>61,930,431</u>	<u>56,657,214</u>	<u>51,140,507</u>
<u>Deferred Outflows of Resources</u>					
Deferred outflows - pensions	<u>1,220,513</u>	<u>1,285,997</u>	<u>940,484</u>	<u>725,844</u>	<u>534,025</u>
Total Assets & Deferred Outflows	<u>\$83,809,056</u>	<u>\$76,420,955</u>	<u>\$62,870,915</u>	<u>\$57,383,058</u>	<u>\$51,674,532</u>
<u>Liabilities:</u>					
Accounts payable	1,189,419	2,301,309	1,095,494	226,890	585,671
Accrued liabilities	146,239	118,209	105,567	203,074	248,357
Accrued interest payable	55,512	61,060	—	4,187	4,826
Retainage payable	—	—	9,875	—	—
Payable from restricted assets	—	104,845	118,620	—	16,587
Developer & customer deposits	996,850	739,351	1,001,460	1,035,646	820,748
Noncurrent liabilities:					
Liabilities due within one year	1,126,194	449,667	311,440	775,798	244,629
Liabilities due more than one year	3,449,855	3,532,796	91,261	123,880	665,962
Lease due more than one year	719,452	857,271	0	0	0
Net pension liability	<u>1,246,347</u>	<u>1,066,703</u>	<u>840,509</u>	<u>0</u>	<u>492,104</u>
Total liabilities	<u>8,929,868</u>	<u>9,231,211</u>	<u>3,574,226</u>	<u>2,369,475</u>	<u>3,078,884</u>
<u>Deferred Inflows of Resources</u>					
Deferred inflows - property taxes	2,300,000	2,287,226	2,252,643	2,215,264	2,141,980
Deferred inflows – pensions	9,796	8,259	26,398	2,240,050	1,185,776
Deferred inflows – leases	<u>6,587,633</u>	<u>138,298</u>	<u>173,032</u>	<u>—</u>	<u>—</u>
Total Deferred Inflows	<u>8,897,429</u>	<u>2,433,783</u>	<u>2,452,073</u>	<u>4,455,314</u>	<u>3,327,756</u>
<u>Net Position:</u>					
Net investment in capital assets	53,050,037	53,386,518	40,408,062	34,584,562	34,101,698
Restricted for:					
Impact fees	1,830,129	1,189,444	2,844,473	5,890,044	3,991,285
PARC taxes reserve	1,123,124	940,972	1,143,296	1,080,046	1,018,548
Debt service	—	—	—	—	1,402,766
Road project	2,717,072	2,854,890	4,177,708	—	—
Future development	150,000	—	—	2,790,333	—
Redevelopment tax increment projects	651,837	913,310	1,307,709	—	—
Unrestricted	<u>6,459,560</u>	<u>5,470,827</u>	<u>6,963,368</u>	<u>6,213,284</u>	<u>4,753,595</u>
Total Net Position	<u>65,981,759</u>	<u>64,755,961</u>	<u>56,844,616</u>	<u>50,558,269</u>	<u>45,267,892</u>
Total Liabilities, Deferred Inf & Net Position	<u>\$83,809,056</u>	<u>\$76,420,955</u>	<u>\$62,870,915</u>	<u>\$57,383,058</u>	<u>\$51,674,532</u>

(Source: Information extracted from the City's 2021-2025 audited basic financial statements. This summary itself is unaudited.)

LINDON CITY
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
(This summary has not been audited.)

	<i>Fiscal Year Ended June 30,</i>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Revenues:</u>					
Taxes	\$11,995,040	\$11,554,636	\$11,302,715	\$11,303,776	\$10,107,905
Licenses & permits	708,171	456,843	460,688	668,197	802,899
Intergovernmental	59,233	87,871	184,768	114,370	121,013
Charges for services	264,043	311,598	211,489	314,056	336,365
Fines & forfeitures	630,034	548,749	523,064	478,149	512,683
Impact fees	39,107	23,854	28,371	51,592	92,844
Interest	252,511	1,131,619	795,020	86,017	67,369
Miscellaneous	821,398	477,375	555,244	445,565	358,738
Total Revenues	14,769,537	14,592,545	14,061,359	13,461,722	12,399,816
<u>Expenditures:</u>					
General government	3,932,716	3,821,788	3,518,722	2,676,271	2,366,511
Public safety	5,507,317	6,335,186	4,485,194	4,486,430	4,238,541
Highways & public improvements	2,019,761	1,754,519	1,836,117	1,539,910	856,502
Parks & recreation	1,480,903	1,340,887	1,341,105	1,023,167	705,346
Debt Service:					
Principal	137,819	181,369	555,279	84,669	587,489
Interest	43,549	—	10,051	11,588	—
Capital outlay	—	—	—	—	1,046,500
Total Expenditures	<u>13,122,065</u>	<u>13,433,749</u>	<u>11,746,468</u>	<u>9,822,035</u>	<u>9,800,889</u>
Excess revenues over (under) expenditures	<u>1,647,472</u>	<u>1,158,796</u>	<u>2,314,891</u>	<u>3,639,687</u>	<u>2,598,927</u>
<u>Other Financing Sources (Uses):</u>					
Lease - right to use vehicles	—	1,038,640	—	—	—
Issuance of new debt	—	—	—	—	736,200
Sale of capital assets	9,356	295,723	—	106,762	572,537
Contributions from other governments	—	—	24,496	—	—
Transfers in	1,220,509	1,083,046	1,253,943	1,186,056	1,013,043
Transfers out	<u>(3,446,453)</u>	<u>(2,936,446)</u>	<u>(3,415,896)</u>	<u>(3,534,037)</u>	<u>(4,019,564)</u>
Total other financing sources and uses	<u>(2,216,588)</u>	<u>(519,037)</u>	<u>(2,137,457)</u>	<u>(2,241,219)</u>	<u>(1,697,784)</u>
Net change in fund balances	(569,116)	639,759	177,434	1,398,468	901,143
Fund balance - beginning	6,567,798	5,928,039 ^(a)	5,750,608	4,352,140	3,450,997
Prior period adjustment	<u>245,172</u>	—	—	—	—
Fund balance - ending	<u>\$6,243,854</u>	<u>\$6,567,798</u>	<u>\$5,928,042^(a)</u>	<u>\$5,750,608</u>	<u>\$4,352,140</u>

(a) Amounts do not foot due to differences in rounding.

(Source: Information extracted from the City's 2021-2025 audited basic financial statements. This summary itself is unaudited.)

RISK FACTORS

The purchase of the Series 2026 Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Series 2026 Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain of these risks are described below; however, it is not intended to be a complete representation of all the possible risks involved.

Limited Obligations

The Series 2026 Bonds are special limited obligations of the City, payable solely from the Net Revenues, moneys, securities and funds pledged therefor in the Indenture. The Series 2026 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 or any other agency or other political subdivision or entity of the State. The City will not mortgage or grant any security interest in the System or any portion thereof to secure payment of the Series 2026 Bonds.

Limited Remedies

Remedies available to the owners of the Series 2026 Bonds and the enforcement of such remedies may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Series 2026 Bonds or to preserve the tax-exempt status of the Series 2026 Bonds.

The remedies available to the owners of the Series 2026 Bonds upon a default are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional law, statutory law, and judicial decisions. Consequently, any enforcement proceedings may entail risks of delay, and/or limitation or modification of their rights as otherwise provided under the Indenture and the Series 2026 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Series 2026 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Series 2026 Bonds.

Operation of the System

In order for the City to make timely payment of the principal and interest requirements of the Series 2026 Bonds and to meet its other obligations under the Indenture, it will be necessary for the City to manage, operate and maintain the System in an efficient and economical manner that is consistent with prudent utility practice. The operation of the System is subject to the requirements of various governmental rules and regulations and the System must be operated in compliance with these requirements. In the event that the System is not operated or is not capable of operation as required by the provisions of such governmental rules and regulations, the City may be subject to certain penalties.

To the extent the System develops operational problems, rates for the System may need to be increased to produce sufficient Revenue unless other sources of funds are obtained. In the event that Revenues need to be increased for the continued operation of the System (and to pay debt service on the Series 2026 Bonds), it may be necessary to increase rates for the System. Although the City has the ability to establish rates without prior approval from another governmental entity, the City may decide not to make any rate increases due to political feasibility or other concerns.

The City believes that the System is operated and will continue to be operated in a manner that will allow it to pay Operation and Maintenance Expenses for the System, as well as debt service on the Series 2026 Bonds.

Destruction of the System

The Indenture requires that the City, in its operation of the System, maintain insurance in such amounts and to such extent as is normally carried by other entities operating public utilities of the same size and type. In the event of any loss or damage, the Indenture requires that the proceeds of any insurance shall be used first for the purpose of restoring or replacing the property lost or damaged. Any remainder is to be paid into the Bond Fund. However, there can be no assurance that the proceeds of such insurance will be sufficient to restore or replace the lost or damaged property. In addition, proceeds of insurance may not be adequate to restore the System to its previous output and capacity.

Damage to or destruction of the System may prevent the City from providing service to some or all of its customers regardless of insurance coverage. In such event, the Net Revenues may decrease.

Drought and Water Supply

Utah is experiencing prolonged drought conditions, including a severe snow drought in the last winter season (2025-2026), affecting water availability in some parts of the State. There can be no assurance that drought conditions will not persist or reappear in the future. The persistence or reappearance of drought conditions could materially adversely affect the operation of the System.

In the event the City is unable to obtain sufficient water to treat and deliver to meet its needs or other emergency conditions occur, there is no assurance that the City will be able to maintain a source of water to supply its customers.

Climate Change

Climate change caused by human activities may have adverse effects on the System. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as drought, wildfires, floods and heat waves. The future fiscal impact of climate change on the System is difficult to predict, but it could be significant and it could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change or by changing the business and activities of City customers. The City considers the potential effects of climate change in its planning.

No Reserve Fund Requirement for the Series 2026 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 Series 2026 Bonds there will be no funding of a subaccount of the Debt Service Reserve Fund with respect to the Series 2026 Bonds.

Cybersecurity

The risk of cyberattacks against commercial enterprises, including those operated for a governmental purpose, has become more prevalent in recent years. At least one of the rating agencies factors the risk of such an attack into its ratings analysis, recognizing that a cyberattack could affect liquidity, public policy and constituent confidence, and ultimately credit quality. A cyberattack could cause the informational systems of the City, including those used in the operation of the System, to be compromised and could limit operational capacity, for short or extended lengths of time and could bring about the release of sensitive and private information. Additionally, other potential negative consequences include data loss or compromise, diversion of resources to prevent future incidences and reputational damage. To date, the City has not been the subject of a materially successful cyberattack. The City believes it has made all reasonable efforts to put measures in place to prevent any such attack and that the information systems of the City are secure. However, there can be no assurance that a cyberattack will not occur in a manner resulting in damage to the City's information systems or other challenges. The City has insurance coverage for cyber-liability.

LEGAL MATTERS

General

The authorization and issuance of the Series 2026 Bonds is subject to the approval of legality by Gilmore & Bell, P.C., Bond Counsel to the City. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by Brian Haws, Esq., City Attorney. The approving opinion of Bond Counsel will be delivered with the Series 2026 Bonds. A copy of the form of the opinion of Bond Counsel is set forth in APPENDIX E of this Official Statement.

Absence of Litigation

A non-litigation opinion issued by the City Attorney, dated the date of closing, will be provided stating, among other things, that to the best of his knowledge, after due inquiry, no action, suit, proceeding, inquiry, or any other litigation or investigation at law or in equity, before or by any court, public board or body, has been served on the City or is threatened, challenging the creation, organization, or existence of the City or the titles of its officers to their respective offices or seeking to restrain or enjoin the issuance, sale, or delivery of the Series 2026 Bonds or for the purpose of restraining or enjoining the levy and collection of taxes or assessments by the City, or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2026 Bonds are issued or the validity of the Series 2026 Bonds or the issuance thereof.

TAX MATTERS

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the Series 2026 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 Series 2026 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 Series 2026 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 Series 2026 Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under the law existing as of the issue date of the Series 2026 Bonds:

Federal Tax Exemption. The interest on the Series 2026 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 Series 2026 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bond Counsel's opinions are provided as of the date of the original issue of the Series 2026 Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026 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 Series 2026 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds.

Not Bank Qualified. The Series 2026 Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

State of Utah Tax Exemption. The interest on the Series 2026 Bonds is exempt from State of Utah individual income taxes.

No Other Opinion. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2026 Bonds but has reviewed the discussion under the heading “TAX MATTERS.”

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 Series 2026 Bond over its issue price. The stated redemption price at maturity of a Series 2026 Bond is the sum of all payments on the Series 2026 Bond other than “qualified stated interest” (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026 Bond is generally the first price at which a substantial amount of the Series 2026 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 Series 2026 Bond during any accrual period generally equals (1) the issue price of that Series 2026 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2026 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 Series 2026 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 Series 2026 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 Series 2026 Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2026 Bond is the sum of all payments on the Series 2026 Bond other than “qualified stated interest” (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026 Bond is generally the first price at which a substantial amount of the Series 2026 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 Series 2026 Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2026 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 Series 2026 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 Series 2026 Bonds. Upon the sale, exchange, or retirement (including redemption) of a Series 2026 Bond, an owner of the Series 2026 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange, or retirement of the Series 2026 Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Series 2026 Bond. To the extent a Series 2026 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 Series 2026 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 Series 2026 Bonds, and to the proceeds paid on the sale of the Series 2026 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 Series 2026 Bonds should be aware that ownership of the Series 2026 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum

tax, 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 Series 2026 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2026 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 Series 2026 Bonds, including the possible application of state, local, foreign and other tax laws.

Bond Counsel notes that interest on the Series 2026 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

BOND RATING

S&P Global Ratings (“S&P”) has assigned a rating of “AA-” (stable outlook) to the Series 2026 Bonds.

Any explanation of the significance of ratings should be obtained from the rating agency furnishing the same. There is no assurance that the rating given to the Series 2026 Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change or withdrawal of such rating may have an adverse effect on the market price of the Series 2026 Bonds.

MUNICIPAL ADVISOR

The City has entered into an agreement with LRB Public Finance Advisors, Inc., Salt Lake City, Utah (the “Municipal Advisor”), whereunder the Municipal Advisor provides financial recommendations and guidance to the City with respect to timing of sale, market conditions, costs of issuance and other factors relating to the sale of the Series 2026 Bonds. The Municipal Advisor has read and participated in the drafting of this Official Statement. 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 no guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of the Official Statement or any other matters related to the Official Statement. Municipal Advisor fees are contingent upon the sale and delivery of the Series 2026 Bonds.

CONTINUING DISCLOSURE UNDERTAKING

The City has undertaken for the benefit of the beneficial owners of the Series 2026 Bonds to provide certain annual financial information and operating data and notice of certain events as enumerated and in the manner set forth in the Continuing Disclosure Undertaking that will be executed and delivered by the City, a form of which is set forth as APPENDIX D, to the Municipal Securities Rulemaking Board’s “EMMA” system, all in order to enable the participating underwriter to make the determinations required by Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). See “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING” attached hereto and incorporated herein by reference.

The City reports that in the last five years it was 60 days late filing its annual financial and operating information for fiscal year 2025 required under the continuing disclosure undertaking related to the City’s Sales Tax Revenue Refunding Bonds, Series 2015. The required failure to file notice was timely filed on EMMA.

A failure by the City to comply with the undertaking will not constitute a default under the Indenture and beneficial owners of the Series 2026 Bonds are limited to the remedies described in the Continuing Disclosure Undertaking. A failure by the City to comply with the Continuing 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 Series 2026 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2026 Bonds and their market price. See

“APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING” for the information to be provided, the events which will be noticed on an occurrence basis and the other terms of the Continuing Disclosure Undertaking, including termination, amendment and remedies.

MISCELLANEOUS

Independent Auditors

The basic financial statements of the City as of June 30, 2025, and for the year then ended, contained in APPENDIX A to this Official Statement, have been audited by Gilbert & Stewart, Provo, Utah, independent auditors, as stated in their report included in APPENDIX A hereto. Gilbert & Stewart has not been asked to consent to the use of its name and audited financial statements in this Official Statement or to perform any procedures in connection with the issuance of the Series 2026 Bonds.

Additional Information

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

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, is intended as such and not as representations of fact.

This Preliminary Official Statement is in a form “deemed final” by the City for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

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

The delivery of the Official Statement has been duly authorized by the City.

LINDON CITY, UTAH

APPENDIX A

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025
Lindon City Corporation

100 NORTH STATE STREET
LINDON, UT 84042
WWW.LINDON.GOV



Principal Officials

**For the Fiscal Year
July 1, 2024 June 30, 2025**

Carolyn Lundberg
Mayor

Jake Hoyt
Councilperson

Cole Hooley
Councilperson

Lincoln Jacobs
Councilperson

Steve Stewart
Councilperson

Van Broderick
Councilperson

Adam Cowie
City Administrator

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INTRODUCTORY SECTION

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March 13, 2026

To the Honorable Mayor, City Council and Citizens of Lindon City:

State law requires that all general-purpose local governments publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm or licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Lindon City (the City) for the fiscal year ended June 30, 2025.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's basic financial statements have been audited by Gilbert and Stewart, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year (FY) ended June 30, 2025 (or 2025FY) are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis that the City's financial statements for the 2025FY, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The Governmental Accounting Standards Board (GASB) 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.



Lindon City Center, built 1997

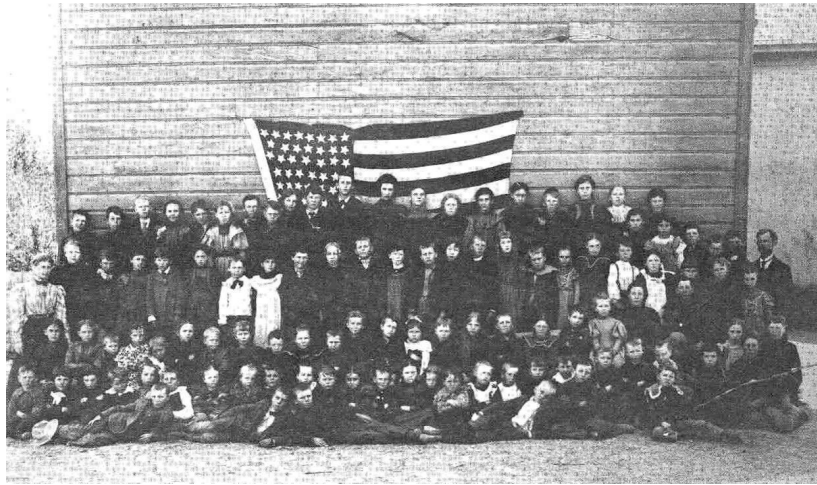
Profile of the Government

Lindon is located in the north of Utah County, 33 miles south of Salt Lake City, and 10 miles north of Provo, the County Seat. Lindon was established as an outgrowth of Pleasant Grove in 1850 and was known originally as Stringtown because the houses were built along a single road – State Street. The final name of the City was inspired by an old linden tree growing in the town in 1901. The spelling of the town name was changed when approval was received from the Federal Post Office for a mail drop at “Lindon City.” The City was incorporated in March of 1924 with a population of “458 souls” and continued centennial celebrations in this fiscal year.

Lindon is a fourth class city and operates under a six member form of government. Policy making and legislative authority are vested in a governing council consisting of the mayor and five city council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the City’s administrator, recorder, and treasurer. The City Administrator is responsible for carrying out policies and ordinances of the governing council and for overseeing the day-to-day operations of the government. The mayor and city council are elected on a non-partisan basis. City Council members serve four-year staggered terms. The mayor is elected to serve a four-year term. The mayor and all five city council seats are elected at large.

Lindon has a rich history. When Lindon City was settled in the early 1900’s, it was settled under a different settlement plan than the other cities in Utah County. Instead of being located on a natural stream, the City of Lindon was established on a table of land

away from natural streams. Water had to be diverted from its natural channels onto the land. Also, instead of building houses in a central cluster, houses in Lindon have been built individually and in small subdivision clusters throughout the entire municipality. This has resulted in a rather evenly but sparsely built community having relatively long utility and service lines in comparison to the number of buildings.



Elementary children at Lindon Amusement Hall, early 1900's

Lindon City is a beautiful place to live. Lindon shares a boundary with Orem City and Vineyard City on the south and Pleasant Grove City and American Fork City on the north. To the west is Utah Lake with the Lindon Marina, which is used for boating and fishing. The City extends east to the Wasatch Mountains where Lindon City's trail systems connect with the Great Western Trail and the Bonneville Shoreline Trail. The Great Western Trail connects Canada and Mexico and is the basis for many of Utah's trail systems today. The Bonneville Shoreline Trail is on or near the shoreline bench of ancient glacial Lake Bonneville in Cache, Box Elder, Weber, Davis, Salt Lake, and Utah Counties.

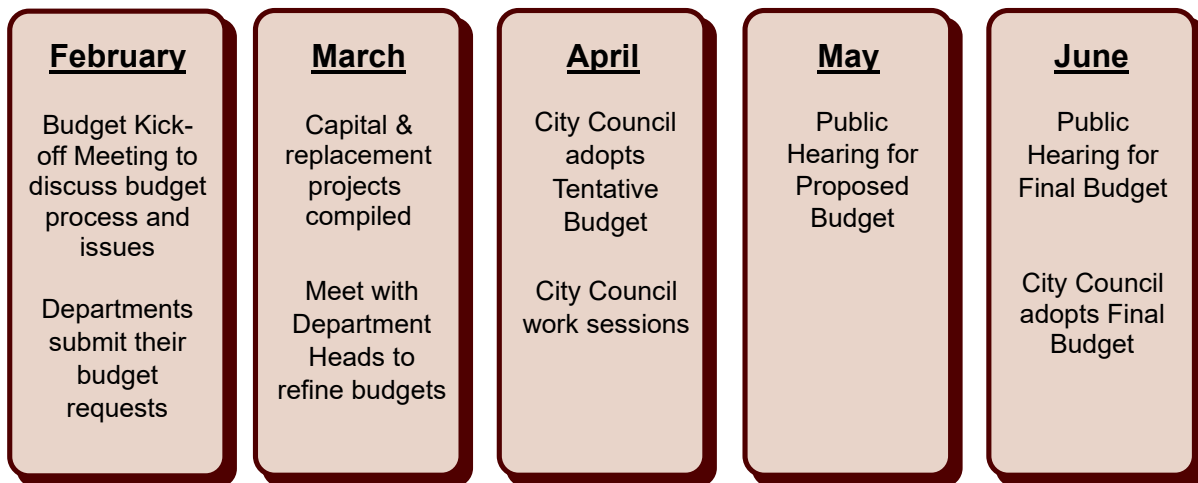
A variety of activities, including hiking, mountain biking, swimming, fishing, camping and skiing, are available within thirty minutes of Lindon.

Lindon Days is a week-long annual celebration in August. Residents of Lindon and surrounding communities come together to enjoy the many different events which include pool activities, a kiddy rodeo, a Mayor and Council breakfast, a parade, concerts, and fireworks.

The City provides a full range of services, including public safety (police and fire), highways and streets, sanitation, public improvements, planning and zoning, both commercial and residential building inspections, general administrative services, fiberoptic lines, a wide variety of recreation programs, cultural events, an Aquatics Center, and a Recreation Center among other things. Some of these services are

provided under contract with other entities. The City also owns and operates a culinary water system, a secondary water system, a wastewater collection system, and a storm water drainage system.

The annual budget serves as the foundation for the City's financial planning and control. The City's budget process starts in February. The budget is adopted before June 22 and goes into effect July 1. The creation of the budget follows the timeline below.



The City holds two public hearings on the budget. These public hearings are held in May and June for the proposed and final budgets. Utah State law requires that the final budget public hearing must be held before June 22 for the adoption of the final budget unless there will be a Truth in Taxation hearing for a property tax increase.

Within the existing budget, department heads ensure that the department's total appropriation is not over-expended. Transfers of appropriations between departments require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Lindon's sales tax revenue is a significant source of funding for the City, providing a majority of the General Fund's revenue. Lindon City saw peak sales tax growth during COVID, however the inflation that followed stifled consumerism. As inflation has stabilized, sales tax revenue has steadily increased 5.0% from the 2023FY to the 2024FY and 7.8% from the 2024FY to the 2025FY.

Lindon's leaders continue to watch the economy and are prepared to modify the budget throughout the fiscal year. In addition, Lindon City has healthy reserves to fall back on, if needed. The diverse commercial development already present in the City adds to both the sales and property tax base of the community and provides stability when economic downturns occur. Major retailers in Lindon include Wal-Mart Supercenter, Murdock Hyundai, Home Depot, Doug Smith Kia, Sunpro, DoTerra, Wheeler Machinery, LHM Lexus of Lindon, Burton Lumber, and Genesis of Lindon.

The City is less than 10 miles from Utah Valley University and Brigham Young University, which provide the residents of Lindon the opportunity for higher educational programs. These higher education facilities employ more than 10,000 people and provide a strong educated workforce for a large number of high tech businesses in the area. The region also provides some of the best medical facilities in the western United States. In June 2025, Utah County had an unemployment rate of 3.3%, which is slightly higher than the State of Utah's rate of 3.2%. These both compare favorably to the national unemployment rate of 4.1%.

Long-term Financial Planning

The City's long-term goals are expressed simply as meeting tomorrow's needs with good financial decisions and by continuing to forecast capital improvements into the future. The City maintains capital facilities plans which, combined with maintenance schedules of existing infrastructure, helps the City plan for the needs of current and future citizens. When considering a new project, such as the Aquatics Center or Community Center, years of preparation begin with surveys. Lindon officials want to make sure that the majority of citizens support these endeavors. Lindon officials also maintain fiscal responsibility in building reserves, and when necessary, seeking other funding.

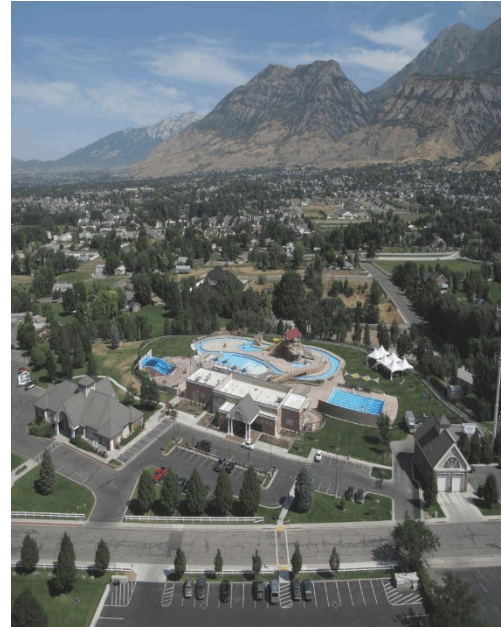
Impact fees also help the City fund the capital improvements that are needed to accommodate new growth. Existing impact fees include public safety; parks, recreation and trails; streets; water; sewer; and storm drainage.

The identification and implementation of long-term planning has permitted the City to construct one of the finest park systems in our region. Our community's extensive park system includes playgrounds, pavilions, pickleball courts, and baseball fields, and has created exceptional open spaces for our citizens' enjoyment. The strategic planning for parks has been expanded to include a trail system that will allow joggers, walkers, bicyclists and horse riders to enjoy the Heritage Trail, which runs from the hillside, going under State Street, to Utah Lake.

Other facilities available to the citizens are the Veteran's Memorial Hall, the City Center, the Community Center and the Aquatics Center. The Veteran's Hall and Community Center can be reserved and rented for boutiques, wedding receptions, social gatherings and meetings. The Aquatics Center provides a variety of amenities and can also be

reserved and rented. There is a zero-entry pool, a lap pool, a lazy river, and a long, fast water slide. There is also a flow rider where patrons learn how to surf and boogie board using a simulated ocean environment.

Lindon City has numerous long-term goals for the City's utilities. These include maintenance of a high service level and sufficient advance planning to meet expected demands. For example, the culinary water system planning process has required the City Engineer to prepare a capital facilities plan that provides for the provision of resources, storage and transmission systems to keep up with the demands of our growing community. New improvements are constantly upgrading and updating the current system as well as expanding for new growth. Without a strategic plan in place, the City would not be able to anticipate infrastructure needs in a timely manner and some services could be interrupted.



Aerial photo of Lindon City Aquatics Center

When Utah Legislature began discussing the need to meter secondary water as a means to encourage water conservation, Lindon City started proactively researching costs and funding opportunities. As a result, when the State passed legislation in 2022 requiring secondary water meters on all connections in Utah by 2030, Lindon was able to secure multiple grants to fund the project so that Lindon residents would not have to pay for the secondary water meters nor the installation through increased fees or taxes. The secondary water meters began being purchased and installed in the Fall of 2022 with a majority of the meters installed throughout the City by the end of the 2023 fiscal year, well ahead of the State's deadline.

Our sewer system plans have included ambitious expansions to deal with the pressure of growth. Likewise, road and storm water drainage systems are under careful review to be certain that as our systems age, they are maintained in a manner that identifies and solves problems before failures occur. The City Engineer is currently updating the capital facilities plan for the storm water drainage system. With long term plans, it becomes easier to be proactive rather than being reactive.

Relevant financial policies

Lindon City increases utility rates annually in order to cover increasing operating expenses. These annual increases are done to avoid more drastic and sporadic increases over time. Each year, City Engineers do a rate study to evaluate the utility rates needed to provide the funding necessary for the corresponding operating expenses and upcoming improvement projects.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lindon City for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the sixteenth year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the 2025FY annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements. We are submitting the 2025FY report to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments as well as contracted financial professionals. We would like to express our appreciation to all department heads and staff throughout the City who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Kristen Aaron".

Kristen Aaron
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Lindon City Corporation
Utah

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

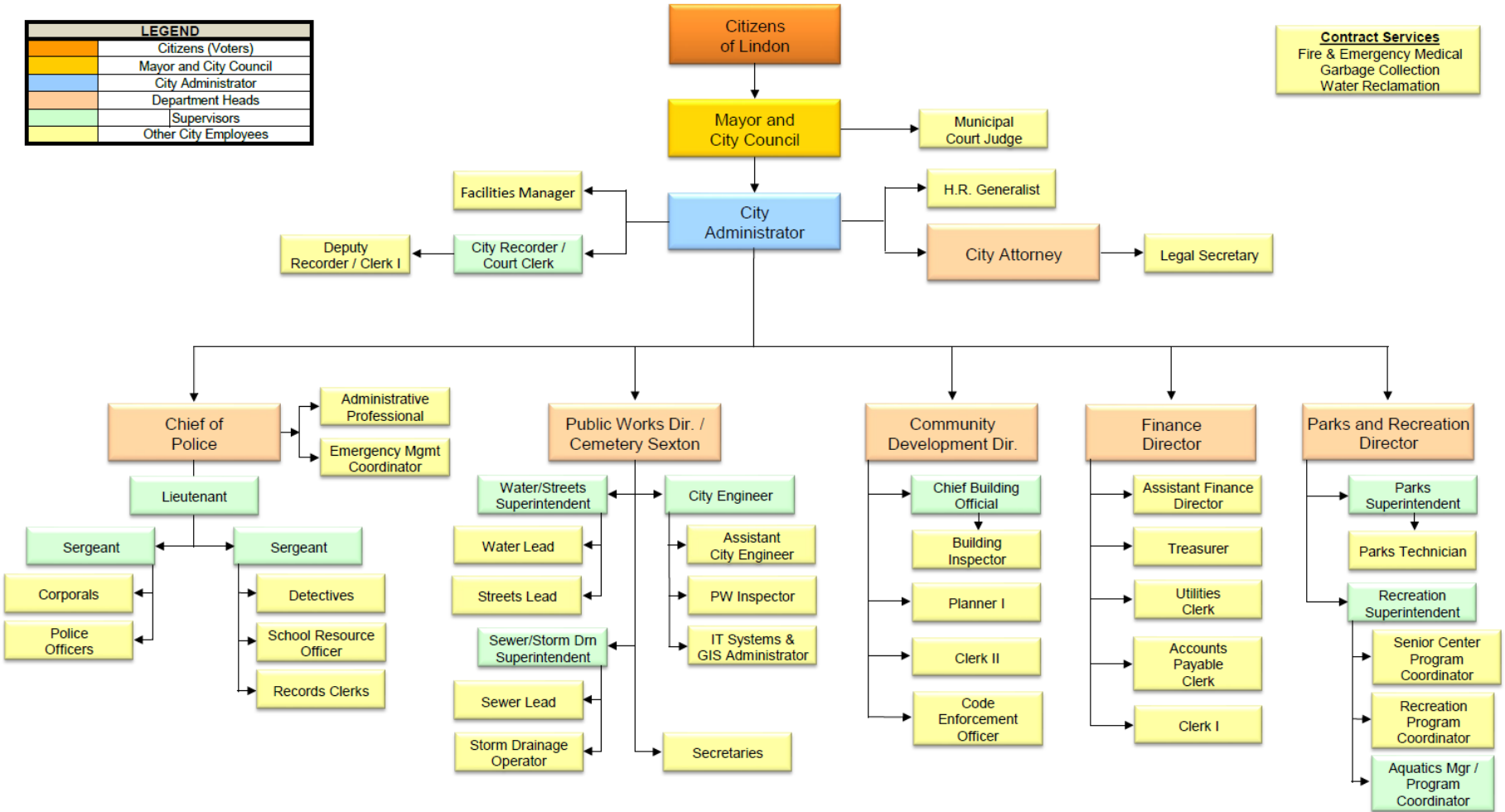
Executive Director/CEO

LINDON CITY ORGANIZATIONAL CHART

Fiscal Year 2024-2025

LEGEND	
	Citizens (Voters)
	Mayor and City Council
	City Administrator
	Department Heads
	Supervisors
	Other City Employees

Contract Services
 Fire & Emergency Medical
 Garbage Collection
 Water Reclamation



FINANCIAL SECTION

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GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A. HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H. PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
Lindon, Utah

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lindon City, Utah (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, the respective changes in financial position, and, where applicable, cash flows and the respective budgetary comparison of the general and major special revenue funds thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lindon City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lindon City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our objectives to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lindon City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lindon City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and the required supplementary information regarding pensions, as noted in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements.

The combining statements and budgetary comparisons, as listed as supplemental information in the table of contents are the responsibility of management and were derived from and relate 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 combining statements and budgetary comparisons are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2026, 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.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC

Provo, Utah

March 6, 2026

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

This section of Lindon City's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2025. We encourage readers to consider the information presented here in conjunction with the City's financial statements and notes to the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

Government Wide

- As of the end of the current fiscal year, the assets and deferred outflows of Lindon City exceeded its liabilities and deferred inflows by \$141,562,200 (net position). Of this amount, \$14,688,049 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased \$3,632,204. Net position of our business-type activities increased \$1,956,971 and the net position of our governmental activities increased \$1,675,233.

Fund Level

- Lindon City's governmental funds reported combined ending fund balances this year of \$14,303,912, a decrease of \$301,460. This change was due to a large road reconstruction project.
- The unassigned fund balance for the general fund ended at \$4,793,854, or 36.5% of total general fund expenditures.

Long-term Debt

- Lindon City's long-term liabilities had a net increase of \$1,143,330 (1.7%) during the current fiscal year. The net increase is primarily due to the decreased liabilities resulting from compensated absences, as required by GASB Statement No. 101.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this report have been prepared in compliance with generally accepted accounting principles. The basic financial statements include two kinds of statements that present different views of the City: government-wide financial statements and fund financial statements.

Government-wide financial statements

The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The statements are designed to provide readers with a broad overview of Lindon City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Lindon City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. To assess the overall health of the City, you need to consider additional nonfinancial factors such as changes in the City's sales tax base and the condition of the City's roads.

The statement of activities presents information showing how Lindon City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2025

Both of the government-wide financial statements distinguish functions of Lindon City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Lindon City include general government, public safety, streets, parks and recreation. The business-type activities of Lindon City include operating the water, waste water, and storm water drainage systems; supervising the solid waste collection; operating the aquatics and community centers; and managing utility accounts for customers paying for telecommunication access through a fiber optic network operated by Utah Infrastructure Agency (UIA).

The government-wide financial statements can be found on pages 23-25 of this report.

Fund financial statements

The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lindon City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of Lindon City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Lindon City maintains eight individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for each major governmental fund and summarized for the non-major funds. Simply put, a non-major fund is less than 10% of all the governmental funds combined. The two major funds are the general fund, the road capital projects fund. The four non-major funds account for the redevelopment fund, P.A.R.C tax fund, debt service fund, and facilities capital projects.

Lindon City adopts an annual appropriated budget for its general fund and other governmental funds. A budgetary comparison statement has been provided for the general fund and the major capital projects fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 26-30 of this report.

Proprietary funds. Lindon City maintains six enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Lindon City uses enterprise funds to account for its operation of the water, sewer, and storm water drainage systems,

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2025

supervision of the solid waste collection, operation of the aquatics and community centers and pass-through billing for the UTOPIA fiber optic telecommunications network.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the four major funds (water, waste water, storm water drainage and recreation) and combined information for the non-major funds (solid waste collection and telecommunications).

The basic proprietary fund financial statements can be found on pages 31-35 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-73 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which can be found on pages 74-86 of this report.

Statistical Section

The statistical section offers operational, economic, and historical data that provide a context for assessing Lindon City's economic condition. That data includes:

- Information on financial trends;
- Information on revenue capacity;
- Information on debt capacity;
- Demographic and economic information; and
- Operating information.

The statistical section can be found on pages 88-111 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Lindon City, assets and deferred outflows of Lindon City exceeded its liabilities and deferred inflows by \$141,562,200, as of June 30, 2025.

As indicated in Table A-1, the largest portion of Lindon City's net position (85.5%) reflects its investment in capital assets (i.e., land, buildings, roads, sidewalks, utility systems, water rights and equipment), less any related debt used to acquire those assets that is still outstanding. Lindon City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lindon City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

LINDON CITY CORPORATION
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
June 30, 2025

Table A-1
Lindon City’s Net Position
(Stated in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		% Change 2025-2024
	2025	2024	2025	2024	2025	2024	
Current and noncurrent assets	\$ 25,524	\$ 20,049	\$ 12,135	\$ 15,358	\$ 37,659	\$ 35,407	6.4%
Capital assets	57,064	55,086	74,617	72,700	131,681	127,786	3.0%
Total Assets	82,588	75,135	86,752	88,058	169,340	163,193	3.8%
Deferred outflows of resources	1,221	1,286	574	628	1,795	1,914	-6.2%
Long-term debt outstanding	6,542	5,906	10,375	11,065	16,917	16,971	-0.3%
Other liabilities	2,388	3,325	1,370	3,814	3,758	7,139	-47.4%
Total Liabilities	8,930	9,231	11,745	14,879	20,675	24,110	-14.2%
Deferred inflows of resources	8,897	2,434	2	1	8,899	2,435	265.5%
Net Position							
Net investment in capital assets	53,050	53,387	65,292	62,526	118,342	115,913	2.1%
Restricted	6,472	6,057	2,060	2,889	8,532	8,946	-4.6%
Unrestricted	6,460	5,312	8,228	8,391	14,688	13,703	7.2%
Total Net Position	\$ 65,982	\$ 64,756	\$ 75,580	\$ 73,806	\$ 141,562	\$ 138,562	2.2%

An additional portion of Lindon City's net position (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$14,688,049 (10.4%) may be used to meet the government's ongoing obligations to citizens and creditors.

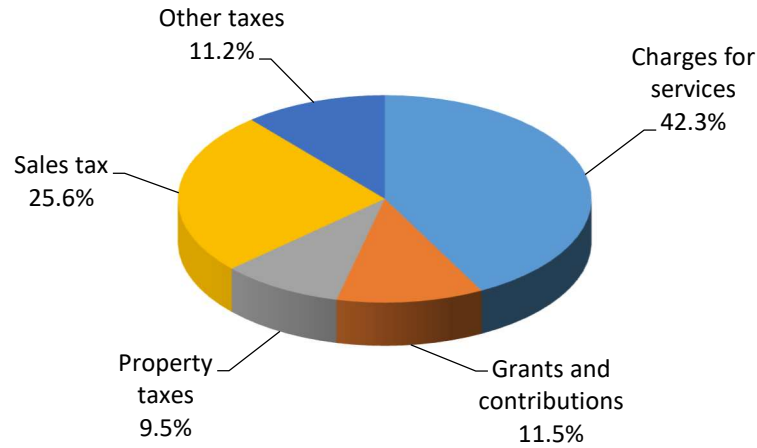
Changes in net position

Lindon City's net position increased 2.2%. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities. The same situation is true for the prior fiscal year.

Sales and property taxes account for 35% of the City's revenue (see Figure A-1). Grants and contributions amounted to 11.6% of this year's revenue. Another 42.2% comes from fees charged for services, and most of the remaining miscellaneous revenue is made up of impact fees and interest earnings.

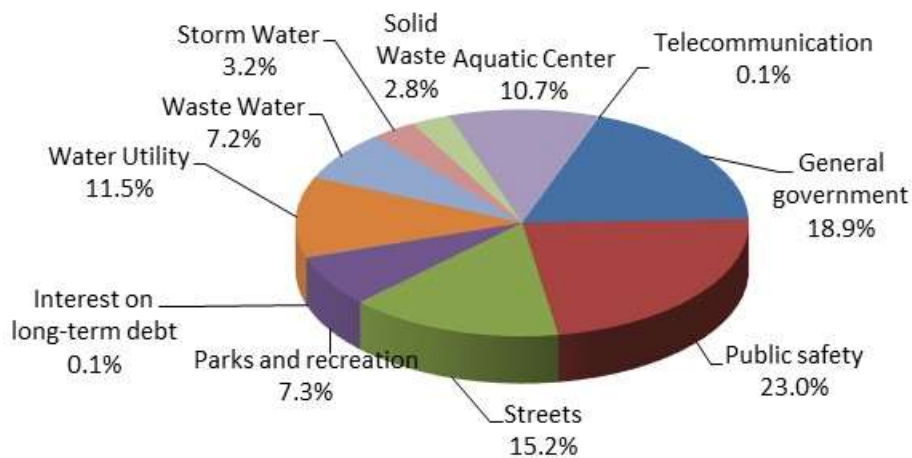
LINDON CITY CORPORATION
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
June 30, 2025

Figure A-1
Lindon City
Sources of Revenue for Fiscal Year 2025



The City's expenses cover a range of services, with 64.5% from governmental activities and 35.5% from business-type activities. Public safety, a major portion of general government activities, encompassed 23% of the City's total expenses. (See Figure A-2.)

Figure A-2
Lindon City
Functional Expenses for Fiscal Year 2025



Governmental Activities

As indicated in Table A-2, the cost of all governmental activities this year was \$17,059,448. Some of the costs were paid by those who directly benefited from the City's services (\$2,417,722), or other entities and governmental organizations that subsidized certain programs with grants and contributions (\$2,446,682). However, the amount of taxes that were required to subsidize these activities was \$12,193,922, the net cost

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2025

of the governmental functions. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions. The city paid for the remaining "public benefit" portion with tax revenue.

Property tax revenue decreased by (2.1%) and sales tax revenue increased by 7.8% compared to the prior year.

Business-type Activities

The cost of all business-type activities this year was \$9,385,478. Net program revenues and expenses plus other revenues totaled \$1,718,850, before transfers.

Table A-2
Lindon City's Changes in Net Position
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		% Change
	2025	2024	2025	2024	2025	2024	2025-2024
Revenues							
Program revenues							
Charges for services	\$ 2,418	\$ 1,794	\$ 9,683	\$ 9,009	\$ 12,101	\$ 10,803	12.0%
Grants and contributions	2,447	9,258	838	2,503	3,285	11,761	-72.1%
General revenues							
Property taxes	2,724	2,782	-	-	2,724	2,782	-2.1%
Sales tax	7,323	6,795	-	-	7,323	6,795	7.8%
Other taxes	3,202	3,129	-	-	3,202	3,129	2.3%
Other revenues	858	1,812	583	127	1,441	1,939	-25.7%
Total revenues	18,972	25,570	11,104	11,639	30,076	37,209	-19.2%
Expenses							
General government	4,989	4,270	-	-	4,989	4,270	16.8%
Public safety	6,083	5,554	-	-	6,083	5,554	9.5%
Streets	4,027	5,477	-	-	4,027	5,477	-26.5%
Parks and recreation	1,922	1,694	-	-	1,922	1,694	13.5%
Interest on long-term debt	38	61	-	-	38	61	-37.7%
Water Utility	-	-	3,051	3,024	3,051	3,024	0.9%
Waste Water	-	-	1,892	1,886	1,892	1,886	0.3%
Storm Water	-	-	834	922	834	922	-9.5%
Solid Waste	-	-	702	669	702	669	4.9%
Aquatic Center	-	-	2,865	2,481	2,865	2,481	15.5%
Telecommunication	-	-	41	43	41	43	-4.7%
Total expenses	17,059	17,056	9,385	9,025	26,444	26,081	1.4%
Excess (deficiency) before transfers	1,913	8,514	1,719	2,614	3,632	11,128	-67.4%
Transfers	(238)	(604)	238	604	-	-	n/a
Increase (decrease) in net position	1,675	7,911	1,957	3,219	3,632	11,130	-67.4%
Prior Period Adjustment	(449)		(183)		(632)		
Beginning Net Position	64,756	56,845	73,806	70,587	138,562	127,432	8.7%
Total Net Position	\$ 65,982	\$ 64,756	\$ 75,580	\$ 73,806	\$ 141,562	\$ 138,562	2.2%

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2025

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, Lindon City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The largest changes in funds were:

- The General Fund's fund balance decreased by \$569,116, mainly due to the increase in interfund transfers out of the General Fund. The biggest transfer was \$1,500,000 to the road fund for future road improvement projects.
- The Roads Capital Projects Fund's fund balance decreased by (\$467,142), due mostly to capital road project expenditures.
- The non-major fund balances increased by (\$734,798), most of which is due to a decrease in capital improvement projects in the 2025 fiscal year.

Proprietary funds

The changes in major funds were:

- The Water Fund's fund balance increased by \$997,237, mostly due to increased utility revenue resulting from increased water user rates, replacement of inefficient meters, and adding new customers due to new development.
- The Waste Water's fund balance increased by \$569,329, mostly due to increased revenue resulting from increased user rates.
- The Storm Water's fund balance increased by \$391,027 mostly due to increased user rates and interest earnings.
- The Recreation fund balance decreased by (\$56,843), due to increased expenses to improve the Aquatics Center.

General Fund Budgetary Highlights

- The General Fund final amended budget for total revenues, before transfers, was \$23,925, less than the original budgeted revenue amounts.
- The General Fund amended budget showed revenue increases as follows; tax revenue \$98,850, licenses and permits \$288,500, charges for services \$41,6000, fines and forfeitures \$103,000, impact fees \$18,800, and miscellaneous revenue of 375,960. The General Fund amended revenue budget also showed decreases as follows; interest revenue (\$928,000) and intergovernmental revenue (\$2,635).
- The General fund amended budget showed increase in expenditures in general government of \$253,215, public safety increase of \$112,125, highways and public improvements increased \$191,225), and parks and recreation increased \$416,470 .
- The General Fund amended budget showed an increase in transfers out to other funds of \$1,427,099 and a increase of transfers in of 121,818. Additional transfers were needed to reduce the City's fund balance in order to comply with state code.
- The amended budget for the sale of capital assets also increased \$19,000.

LINDON CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
June 30, 2025

- Additional minor variances between the General Fund's original budget and amended budgets may be seen on page 30.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As indicated in Table A-3, at the end of fiscal year 2025, the City had invested \$131,681,578 net of accumulated depreciation in a broad range of capital assets, including land, buildings, improvements, equipment, roads, sidewalks, water, sewer and storm water lines. More detailed information about the City's capital assets is presented in Note 6 to the financial statements.

This year's major capital asset additions included:

- Subdivision and infrastructure contributions in the governmental funds amounted to \$213,005 and \$260,038 in the business-type funds.
- Road infrastructure projects that were not completed increased capital project in process in the amount of \$2,547,056.
- Road infrastructure projects completed totaled \$2,777,682.
- Water system infrastructure projects that were not completed increased capital project in process in the amount \$1,736,818.
- Water system capital projects completed totaled \$7,071,978.
- Storm water system projects that were not completed increased capital project in process totaled \$877,416.
- Storm water system capital projects completed totaled \$460,877.
- Recreation capital projects completed totaled \$589,813.

LINDON CITY CORPORATION
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
June 30, 2025

Table A-3
Lindon City's Capital Assets
(net of depreciation, in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		% Change 2025-2024
	2025	2024	2025	2024	2025	2024	
Land	\$15,334	\$15,334	\$ 1,510	\$ 1,510	\$ 16,844	\$ 16,844	0.0%
Water Stock	70	70	12,677	12,679	12,747	12,749	0.0%
Buildings	5,283	5,515	8,228	8,028	13,511	13,543	-0.2%
Infrastructure	26,934	25,196	103	111	27,037	25,307	6.8%
Water System	-	-	23,389	16,911	23,389	16,911	38.3%
Sewage System	-	-	12,223	12,779	12,223	12,779	-4.4%
Storm Drain System	-	-	12,994	12,929	12,994	12,929	0.5%
Net investment in capital assets	4,122	4,490	-	-	4,122	4,490	-8.2%
Equipment	390	304	681	868	1,071	1,172	-8.6%
Vehicles	655	544	147	32	802	576	39.2%
Lease assets	582	842	-	-	-	-	n/a
Construction in Progress	3,694	2,791	2,665	6,854	6,359	9,645	-34%
Total	\$57,064	\$55,086	\$74,617	\$72,701	\$131,099	\$126,945	3.3%

Long-term Debt

As indicated in Table A-4, at the year-end the City had \$13,862,663 in bonds (including unamortized premiums), notes, and leases outstanding. Accruals for compensated absences total \$1,587,702, making total long-term liabilities \$15,450,365. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements. Lindon City does not have any general obligation bonds. There is one bond which is paid with sales tax revenue. More information about the bonds and the pledged revenues can be found in Note 8.

Table A-4
Lindon City's Long-term Liabilities
(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		% Change 2025-2024
	2025	2024	2025	2024	2025	2024	
Revenue Bonds	\$ 3,296	\$ 3,580	\$ 9,017	\$ 9,798	\$ 12,313	\$ 13,378	-8.0%
Notes Payable	-	-	832	962	832	962	-13.5%
Leases	719	857	-	-	719	857	n/a
Compensated absences	1,281	403	306	117	1,587	520	205.2%
Total	\$ 5,296	\$ 4,840	\$ 10,155	\$ 10,877	\$ 15,451	\$ 15,717	-1.69%

Lindon City's total long-term liabilities had a net decrease of (\$3,570,277) (29.39%) during the current fiscal year.

LINDON CITY CORPORATION
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- For June 2025, the unemployment rate for Utah County was 3.3%, which is slightly higher than the State of Utah’s average of 3.2 %, and lower than the national average of 4.1%.
- A 3.0% average annual increase in the Consumer Price Index for the 2024 calendar year, provided by the U.S. Bureau of Labor Statistics was considered in preparing the 2025-2026 budget.

These indicators were considered when adopting the budget for fiscal year 2026. Sales tax revenues are expected to continue to increase as consumerism increases with the decrease in inflation. Property tax revenue is expected to increase somewhat with new growth in the City. The increased tax revenues will be used to cover capital projects throughout the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Lindon City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Lindon City, 100 North State Street, Lindon, UT 84042.

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BASIC FINANCIAL STATEMENTS

LINDON CITY CORPORATION
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,615,323	\$ 9,977,902	\$ 16,593,225
Receivables:			
Accounts, net	-	914,651	914,651
Taxes	2,341,629	-	2,341,629
Intergovernmental	1,229,072	-	1,229,072
Lease	6,946,165	-	6,946,165
Other	295,810	-	295,810
Prepaid assets	46,095	9,934	56,029
Escrow deposit	150,000	-	150,000
Internal balances	1,032,405	(1,032,405)	-
Note receivable	-	163,803	163,803
Restricted assets:			
Cash and cash equivalents	6,170,322	2,060,372	8,230,694
Accounts receivable	697,233	-	697,233
Reserve deposit	-	41,029	41,029
Capital assets not being depreciated:			
Land and collectibles	15,334,056	1,509,243	16,843,299
Water stock and rights	69,550	12,679,056	12,748,606
Construction in progress	3,694,178	2,664,692	6,358,870
Capital assets, net of accumulated depreciation:			
Buildings	5,283,252	8,227,916	13,511,168
Infrastructure	26,933,819	103,151	27,036,970
Water distribution system	-	23,389,100	23,389,100
Waste water collection system	-	12,223,124	12,223,124
Storm water drainage system	-	12,992,791	12,992,791
Improvements other than buildings	4,122,960	-	4,122,960
Machinery and equipment	389,966	680,695	1,070,661
Vehicles	654,637	147,321	801,958
Lease assets	582,071	-	582,071
Total Assets	82,588,543	86,752,375	169,340,918
Deferred Outflows of Resources			
Deferred outflows relating to pensions	1,220,513	215,385	1,435,898
Deferred charge on bond refunding	-	358,899	358,899
Total Deferred Outflows of Resources	1,220,513	574,284	1,794,797
Total Assets and Deferred Outflows of Resources	\$ 83,809,056	\$ 87,326,659	\$ 171,135,715

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

LINDON CITY CORPORATION
STATEMENT OF NET POSITION (Continued)

June 30, 2025

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	\$ 1,189,419	\$ 1,137,379	\$ 2,326,798
Accrued liabilities	146,239	89,994	236,233
Accrued interest payable	55,512	119,349	174,861
Developer and customer deposits	996,850	22,911	1,019,761
Noncurrent liabilities			
Due within one year	1,126,194	857,196	1,983,390
Due in more than one year	3,449,855	9,297,669	12,747,524
Lease liability due in more than one year	719,452	-	719,452
Net pension liability	1,246,347	219,991	1,466,338
Total Liabilities	8,929,868	11,744,489	20,674,357
Deferred Inflows of Resources:			
Deferred inflows for property taxes	2,300,000	-	2,300,000
Deferred inflows relating to pensions	9,796	1,729	11,525
Deferred inflows relating to leases	6,587,633	-	6,587,633
Total Deferred Inflows of Resources	8,897,429	1,729	8,899,158
Net Position:			
Net investment in capital assets	53,050,037	65,291,580	118,341,617
Restricted for:			
Impact fees	1,830,129	-	2,714,205
Water rights		884,076	
P.A.R.C. taxesreserve	1,123,124	-	1,123,124
Road project	2,717,072	-	2,717,072
Future development	150,000	-	150,000
Debt service	-	1,176,296	1,176,296
Redevelopment tax increment projects	651,837	-	651,837
Unrestricted	6,459,560	8,228,489	14,688,049
Total Net Position	65,981,759	75,580,441	141,562,200
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 83,809,056	\$ 87,326,659	\$ 171,135,715

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

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LINDON CITY CORPORATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 4,989,123	\$ 2,032,344	\$ 6,214	\$ -	\$ (2,950,565)	\$ -	\$ (2,950,565.00)
Public safety	6,082,747	-	70,933	39,107	(5,972,707)	-	(5,972,707)
Highway and public improvements	4,027,176	-	1,002,893	913,535	(2,110,748)	-	(2,110,748)
Parks and recreation	1,922,401	385,378	-	414,000	(1,123,023)	-	(1,123,023)
Interest on long-term debt	38,001	-	-	-	(38,001)	-	(38,001)
Total Governmental Activities	17,059,448	2,417,722	1,080,040	1,366,642	(12,195,044)	-	(12,195,044)
Business-type Activities:							
Water utility	3,051,320	3,864,315	13,155	292,843	-	1,118,993	1,118,993
Waste water	1,892,395	2,374,172	-	269,362	-	751,139	751,139
Storm water	834,330	1,372,064	-	196,669	-	734,403	734,403
Solid waste	701,669	780,095	-	-	-	78,426	78,426
Recreation	2,864,946	1,258,321	65,977	-	-	(1,540,648)	(1,540,648)
Telecommunications	40,818	34,365	-	-	-	(6,453)	(6,453)
Total Business-type Activities	9,385,478	9,683,332	79,132	758,874	-	1,135,860	1,135,860
Total Government	\$ 26,444,926	\$ 12,101,054	\$ 1,159,172	\$ 2,125,516	(12,195,044)	1,135,860	(11,059,184)
General Revenues:							
Property taxes					2,723,806	-	2,723,806
Sales taxes					7,323,253	-	7,323,253
Franchise taxes					2,163,516	-	2,163,516
Other taxes					1,038,237	-	1,038,237
Unrestricted investment earnings					644,745	546,290	1,191,035
Gain on disposition of capital assets					9,356	36,700	46,056
Other revenues					205,485	-	205,485
Transfers					(238,121)	238,121	-
Total General Revenues and Transfers					13,870,277	821,111	14,691,388
Changes in Net Position					1,675,233	1,956,971	3,632,204
Net Position, Beginning					64,755,961	73,806,045	138,562,006
Prior Period Adjustments					(449,435)	(182,575)	(632,010)
Net Position, Ending					<u>\$ 65,981,759</u>	<u>\$ 75,580,441</u>	<u>\$ 141,562,200</u>

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

Major Governmental Fund Financial Statements

General Fund -The General Fund is the principal fund of the city and is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund accounts for the normal activities of the city, (i.e. police, fire, public works, parks, community and economic development, general government, etc.). These activities are funded principally by property taxes, sales and use taxes, franchise taxes, licenses and permits.

Roads Capital Projects Fund - The city's Road Capital Projects Fund is used to account for resources designated to construct and maintain transportation infrastructure which, by their nature, may require more than one budgetary cycle for completion.

LINDON CITY CORPORATION
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2025

	General	Capital Projects Roads	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,230,962	\$ 272,208	\$ 2,112,149	\$ 6,615,319
Receivables:				
Accounts, net	91,765	-	-	91,765
Property tax	2,341,629	-	-	2,341,629
Sales tax	1,229,072	-	-	1,229,072
Franchise tax	204,045	-	-	204,045
Lease	6,946,165	-	-	6,946,165
Prepaid assets	3,500	-	42,595	46,095
Escrow deposit	150,000	-	-	150,000
Due from other funds	206,908	-	-	206,908
Interfund loan receivable	1,300,000	-	-	1,300,000
Restricted:				
Cash and cash equivalents	5,088	2,927,771	3,237,463	6,170,322
Intergovernmental and tax receivable	-	513,280	183,953	697,233
Total Assets	\$ 16,709,134	\$ 3,713,259	\$ 5,576,160	\$ 25,998,553
Liabilities				
Accounts payable	\$ 434,558	\$ -	\$ 6,824	\$ 441,382
Accrued liabilities	146,239	-	24,053	170,292
Liabilities from restricted assets		723,979	-	723,979
Developer and customer deposits	996,850	-	-	996,850
Due to other funds	-	-	474,505	474,505
Total Liabilities	1,577,647	723,979	505,382	2,807,008
Deferred Inflows of Resources				
Property Tax	2,300,000	-	-	2,300,000
Liabilities payable from Leases	6,587,633	-	-	6,587,633
Total Deferred Inflows of Resources	8,887,633	-	-	8,887,633
Fund Balances:				
Nonspendable:				
Interfund loan receivable	1,300,000	-	-	1,300,000
Restricted for:				
Impact fees/expansion of systems	-	-	1,830,129	1,830,129
P.A.R.C. taxes	-	-	1,123,124	1,123,124
Road project	-	2,717,072	-	2,717,072
Future development	150,000	-	-	150,000
Assigned for:				
Redevelopment tax increment projects	-	-	651,837	651,837
Capital projects	-	272,208	1,465,688	1,737,896
Unassigned	4,793,854	-	-	4,793,854
Total Fund Balances	6,243,854	2,989,280	5,070,778	14,303,912
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,709,134	\$ 3,713,259	\$ 5,576,160	\$ 25,998,553

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

LINDON CITY CORPORATION
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF NET POSITION**
 June 30, 2025

Amounts reported for governmental activities in the statement of net position are

Total Fund Balance - Governmental Funds	\$ 14,303,912
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	57,064,489
Interest expense is not due and payable in the current period and, therefore, is not recorded in the funds.	(55,512)
Pension obligations and assets, including deferred inflows and outflows relating to pensions, are not obligations in the current period and, therefore, are not reported in the funds.	(35,630)
Long-term liabilities, including bonds, leases, notes, termination benefits, workers' compensation, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,295,500)
Total Net Position - Governmental Activities	<u><u>\$ 65,981,759</u></u>

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

LINDON CITY CORPORATION
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES GOVERNMENTAL FUNDS**
For the Fiscal Year Ended June 30, 2025

	General	Capital Projects Roads	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 11,995,040	\$ -	\$ 1,244,282	\$ 13,239,322
Licenses and permits	708,171	-	-	708,171
Intergovernmental	59,233	1,712,648	-	1,771,881
Charges for services	264,043	-	-	264,043
Fines and forfeitures	630,034	-	-	630,034
Impact fees	39,107	2,475	414,000	455,582
Interest	252,511	207,357	194,657	654,525
Miscellaneous	821,398	205,485	-	1,026,883
Total Revenues	14,769,537	2,127,965	1,852,939	18,750,441
Expenditures:				
Current:				
General government	3,932,716	-	642,757	4,575,473
Public safety	5,507,317	-	-	5,507,317
Highways and public improvements	2,019,761	4,095,107	-	6,114,868
Parks and recreation	1,480,903	-	501,113	1,982,016
Debt service:				
Principal	137,819	-	284,000	421,819
Interest	43,549	-	171,988	215,537
Capital outlay	-	-	6,106	6,106
Total Expenditures	13,122,065	4,095,107	1,605,964	18,823,136
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,647,472	(1,967,142)	246,975	(72,695)
Other Financing Sources (Uses):				
Sale of capital assets	9,356	-	-	9,356
Transfers in	1,220,509	1,500,000	1,584,003	4,304,512
Transfers out	(3,446,453)	-	(1,096,180)	(4,542,633)
Total Other Financing Sources (Uses)	(2,216,588)	1,500,000	487,823	(228,765)
Net Change in Fund Balances	(569,116)	(467,142)	734,798	(301,460)
Fund Balances, Beginning	6,567,798	3,456,422	4,335,980	14,360,200
Prior Period Adjustment	245,172	-	-	245,172
Fund Balances, Ending	\$ 6,243,854	\$ 2,989,280	\$ 5,070,778	\$ 14,303,912

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

LINDON CITY CORPORATION
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
For the Fiscal Year Ended June 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ (301,460)
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(2,739,039)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the Statement of Net Position.	4,505,003
Governmental funds do not record developer contributions of infrastructure.	213,005
In the Statement of Activities, interest is accrued on noncurrent liabilities, whereas in governmental funds, interest expense is reported when due.	5,548
Repayment of noncurrent liabilities' principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	421,819
Some expenses, including accrued termination benefits and the difference between the actuarially calculated pension expense and retirement contributions, 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.	
Compensated absences	(182,978)
Change in pension liabilities and related deferred outflow and inflows of resources	(246,665)
Change in Net Position - Governmental Activities	<u><u>\$ 1,675,233</u></u>

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

LINDON CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Difference from Final Budget
Revenues:				
Taxes	\$ 11,594,700	\$ 11,691,550	\$ 11,995,040	\$ 303,490
Licenses and permits	370,500	659,000	708,171	49,171
Intergovernmental	62,000	59,365	59,233	(132)
Charges for services	226,160	267,760	264,043	(3,717)
Fines and forfeitures	530,000	633,000	630,034	(2,966)
Impact fees	15,700	34,500	39,107	4,607
Interest	1,100,000	172,000	252,511	80,511
Miscellaneous	362,105	720,065	821,398	101,333
Total Revenues	14,261,165	14,237,240	14,769,537	532,297
Expenditures:				
Current:				
General government:				
Mayor and council	156,280	177,920	158,397	19,523
Judicial	668,540	667,140	635,335	31,805
Administrative	1,701,000	1,781,400	1,741,667	39,733
Buildings	500,220	532,500	420,305	112,195
Planning and zoning	905,580	1,015,875	955,802	60,073
Grants and contributions	16,500	26,500	21,210	5,290
Public Safety:				
Law enforcement	3,355,685	3,397,240	3,336,741	60,499
Fire protection	2,062,970	2,133,635	2,128,232	5,403
Animal controls	43,450	43,355	42,344	1,011
Highways and public improvements				
Streets	651,640	680,440	613,476	66,964
Public works administration	1,348,850	1,511,275	1,406,285	104,990
Parks and recreation				
Parks	1,235,320	1,605,640	1,384,941	220,699
Cemetery	29,250	72,400	65,906	6,494
Recreation and culture	28,000	31,000	30,056	944
Debt service:				
Principal	137,820	137,820	137,819	1
Interest	43,550	43,550	43,549	1
Total Expenditures	12,884,655	13,857,690	13,122,065	735,625
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,376,510	379,550	1,647,472	1,267,922
Other Financing Sources (Uses):				
Transfers in	1,177,447	1,299,265	1,220,509	(78,756)
Transfers out	(2,019,354)	(3,446,453)	(3,446,453)	-
Sale of capital assets	-	19,000	9,356	(9,644)
Total Other Financing Sources (Uses)	(841,907)	(2,128,188)	(2,216,588)	(88,400)
Net Change in Fund Balances	534,603	(1,748,638)	(569,116)	1,179,522
Fund Balances, Beginning (as restated)	6,812,970	6,812,970	6,812,970	-
Fund Balances, Ending	\$ 7,347,573	\$ 5,064,332	\$ 6,243,854	\$ 1,179,522

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

Major Proprietary Fund Financial Statements

Water Utility Fund - This fund is used to account for the activities related to providing water service to the residents of the City.

Waste Water Utility Fund - This fund is used to account for the activities relating to providing sewer services to the residents of the City.

Storm Water Utility - This fund is used to account for the activities associated with the collection and disposition of stormwater runoff.

Recreation - This fund is used to account for the activities at the city's swimming pool and community center, as well as programs held throughout the city.

LINDON CITY CORPORATION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2025

	Business-type Activities - Enterprise Funds					
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	Total
Assets and Deferred Outflows of Resources						
Current Assets:						
Cash and cash equivalents	\$ 2,994,344	\$ 3,852,752	\$ 2,302,407	\$ 650,223	\$ 178,176	\$ 9,977,902
Accounts receivable, net	410,723	223,036	183,930	26,987	69,975	914,651
Prepaid assets	-	-	-	9,934	-	9,934
Due from other funds	-	-	-	410,000	-	410,000
Restricted cash and cash equivalents	884,076	528,543	-	647,753	-	2,060,372
Total Current Assets	4,289,143	4,604,331	2,486,337	1,744,897	248,151	13,372,859
Noncurrent Assets:						
Notes receivable	-	-	-	-	163,803	163,803
Reserve deposit	-	41,029	-	-	-	41,029
Capital assets, net of accumulated depreciation:						
Land	428,610	107,392	823,241	150,000	-	1,509,243
Water stock and rights	12,679,056	-	-	-	-	12,679,056
Construction in Process	1,746,152	-	877,416	41,124	-	2,664,692
Buildings	-	-	-	8,227,916	-	8,227,916
Telecom Infrastructure	-	-	-	-	103,151	103,151
Water distribution system	23,389,100	-	-	-	-	23,389,100
Waste water collection system	-	12,223,124	-	-	-	12,223,124
Storm water drainage system	-	-	12,992,791	-	-	12,992,791
Machinery and equipment	346,083	89,399	6,085	239,128	-	680,695
Vehicles	47,305	-	-	100,016	-	147,321
Capital assets, net	38,636,306	12,419,915	14,699,533	8,758,184	103,151	74,617,089
Total Noncurrent Assets	38,636,306	12,460,944	14,699,533	8,758,184	266,954	74,821,921
Deferred Outflows of Resources						
Deferred outflows relating to pensions	112,692	31,197	46,545	24,951	-	215,385
Deferred charge on bond refunding	-	-	-	358,899	-	358,899
Total Assets and Deferred Outflows of Resources	\$ 43,038,141	\$ 17,096,472	\$ 17,232,415	\$ 10,886,931	\$ 515,105	\$ 88,769,064

LINDON CITY CORPORATION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)
June 30, 2025

	Business-type Activities - Enterprise Funds					
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	Total
Liabilities and Deferred Inflows of Resources						
Current Liabilities:						
Accounts payable	\$ 310,237	\$ 299,232	\$ 264,293	\$ 206,516	\$ 57,101	\$ 1,137,379
Accrued liabilities	10,100	4,254	3,366	72,274	-	89,994
Accrued interest payable	29,802	1,547	-	88,000	-	119,349
Developer and customer deposits	22,911	-	-	-	-	22,911
Due to other funds	142,405	-	-	-	-	142,405
Compensated absences	39,029	44,946	60,145	54,561	-	198,681
Current portion of long-term debt	70,879	110,965	-	455,000	21,671	658,515
Total Current Liabilities	625,363	460,944	327,804	876,351	78,772	2,369,234
Noncurrent Liability:						
Compensated absences, net	13,376	25,056	37,402	32,139	-	107,973
Long-term debt, net of current portion	2,149,014	2,266,815	-	4,631,735	142,132	9,189,696
Interfund loan payable	-	1,300,000	-	-	-	1,300,000
Net pension liability	115,121	31,859	47,531	25,480	-	219,991
Total Noncurrent Liability	2,277,511	3,623,730	84,933	4,689,354	142,132	10,817,660
Deferred Inflows of Resources:						
Deferred inflows relating to pensions	905	250	374	200	-	1,729
Total Liabilities and Deferred Inflows of Resources	2,903,779	4,084,924	413,111	5,565,905	220,904	13,188,623
Net Position:						
Net investment in capital assets	36,416,413	10,042,135	14,699,533	4,030,348	103,151	65,291,580
Restricted for:						
Water rights reserve	884,076	-	-	-	-	884,076
Debt service reserves	-	528,543	-	647,753	-	1,176,296
Unrestricted	2,833,873	2,440,870	2,119,771	642,925	191,050	8,228,489
Total Net Position	40,134,362	13,011,548	16,819,304	5,321,026	294,201	75,580,441
Total Liabilities and Net Position	\$ 43,038,141	\$ 17,096,472	\$ 17,232,415	\$ 10,886,931	\$ 515,105	\$ 88,769,064

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

LINDON CITY CORPORATION
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS**
For the Fiscal Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds					
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	Total
Operating Revenues:						
Service fees	\$ 3,693,854	\$ 2,367,522	\$ 1,370,629	\$ 1,247,045	\$ 814,460	\$ 9,493,510
Other fees	40,536	6,650	-	-	-	47,186
Miscellaneous	129,925	-	1,435	11,276	-	142,636
Total Operating Revenues	3,864,315	2,374,172	1,372,064	1,258,321	814,460	9,683,332
Operating Expenses:						
Salaries and wages	327,855	170,891	161,287	928,334	-	1,588,367
Employee benefits	193,350	96,891	69,751	162,546	-	522,538
Materials, supplies and services	1,667,531	851,787	151,593	1,087,717	734,334	4,492,962
Depreciation	789,770	722,954	451,699	483,384	8,153	2,455,960
Total Operating Expenses	2,978,506	1,842,523	834,330	2,661,981	742,487	9,059,827
Operating Income (Loss)	\$ 885,809	\$ 531,649	\$ 537,734	\$ (1,403,660)	\$ 71,973	\$ 623,505

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

LINDON CITY CORPORATION
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS (Continued)**
For the Fiscal Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds					
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	Total
Nonoperating Income (Expense):						
Intergovernmental revenue	\$ 13,155	\$ -	\$ 61,554	\$ 65,977	\$ -	\$ 140,686
Gain on sale of capital assets	27,200	-	9,500	-	-	36,700
Interest income	202,612	169,757	107,219	61,355	5,347	546,290
Interest expense	(72,815)	(49,872)	-	(202,965)	-	(325,652)
Total Nonoperating Income (Expense)	<u>170,152</u>	<u>119,885</u>	<u>178,273</u>	<u>(75,633)</u>	<u>5,347</u>	<u>398,024</u>
Income (Loss) Before Transfers and Capital Contributions	1,055,961	651,534	716,007	(1,479,293)	77,320	1,021,529
Capital contributions	132,107	75,675	52,256	-	-	260,038
Impact fee contributions	160,736	193,687	82,859	-	-	437,282
Transfers in	-	-	-	1,422,450	10,000	1,432,450
Transfers out	<u>(351,567)</u>	<u>(351,567)</u>	<u>(460,095)</u>	<u>-</u>	<u>(31,100)</u>	<u>(1,194,329)</u>
Changes in Net Position	997,237	569,329	391,027	(56,843)	56,220	1,956,970
Net Position, Beginning	39,173,270	12,481,960	16,489,609	5,423,226	237,981	73,806,046
Prior Period Adjustments	<u>(36,145)</u>	<u>(39,741)</u>	<u>(61,332)</u>	<u>(45,357)</u>	<u>-</u>	<u>(182,575)</u>
Net Position, Ending	<u>\$ 40,134,362</u>	<u>\$ 13,011,548</u>	<u>\$ 16,819,304</u>	<u>\$ 5,321,026</u>	<u>\$ 294,201</u>	<u>\$ 75,580,441</u>

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

LINDON CITY CORPORATION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds					
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	Total
Cash Flows From Operating Activities:						
Receipts from customers and users	\$ 3,814,231	\$ 2,365,167	\$ 1,305,650	\$ 1,260,857	\$ 812,309	\$ 9,558,214
Payments to suppliers	(3,030,997)	(2,227,095)	(168,038)	(1,010,922)	(736,805)	(7,173,857)
Payments to employees and related benefits	(535,791)	(265,314)	(228,545)	(1,087,057)	-	(2,116,707)
Deposits received (refunded)	9,711	-	-	-	-	9,711
Net cash from operating activities	257,154	(127,242)	909,067	(837,122)	75,504	277,361
Cash Flows From Capital and Related Financing Activities:						
Purchase of property and equipment	(2,289,021)	(25,777)	(931,223)	(620,980)	-	(3,867,001)
Proceeds from issuance of debt	-	1,300,000	-	-	-	1,300,000
Receipt of impact fees	160,736	193,687	82,859	-	-	437,282
Principal paid on bonds and lease	(68,667)	(353,965)	-	(435,000)	-	(857,632)
Interest paid on bonds and lease	(73,737)	(50,065)	-	(202,450)	-	(326,252)
Proceeds from sale of capital assets	27,200	-	9,500	-	-	36,700
Net cash from capital and related financing activities	(2,243,489)	1,063,880	(838,864)	(1,258,430)	-	(3,276,903)
Cash Flows From Non-Capital Financing Activities:						
Cash subsidy from federal grants	13,155	-	61,554	65,977	-	140,686
Payments on long-term pension obligation	22,771	6,305	9,404	5,042	-	43,522
Payments from (to) other funds on loans	142,405	(1,300,000)	-	(193,900)	-	(1,351,495)
Payments received on notes from residents	-	-	-	-	19,145	19,145
Principal paid on notes for residential connections	-	-	-	-	(19,145)	(19,145)
Transfers from (to) other funds	(351,567)	(351,567)	(460,095)	1,422,450	(21,100)	238,121
Net cash from non-capital financing activities	\$ (173,236)	\$ (1,645,262)	\$ (389,137)	\$ 1,299,569	\$ (21,100)	\$ (929,166)

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

LINDON CITY CORPORATION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For the Fiscal Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds					
	Water	Waste Water	Storm Water	Recreation	Non-major Funds	Total
Cash Flows From Investing Activity:						
Interest on investments	\$ 202,612	\$ 169,757	\$ 107,219	\$ 61,355	\$ 5,347	\$ 546,290
Net cash from investing activity	<u>202,612</u>	<u>169,757</u>	<u>107,219</u>	<u>61,355</u>	<u>5,347</u>	<u>546,290</u>
Net Increase (Decrease) In Cash	(1,956,959)	(538,867)	(211,715)	(734,628)	59,751	(3,382,418)
Cash and Cash Equivalents At Beginning of Year	<u>5,835,380</u>	<u>4,920,162</u>	<u>2,514,122</u>	<u>2,032,603</u>	<u>118,424</u>	<u>15,420,691</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,878,421</u>	<u>\$ 4,381,295</u>	<u>\$ 2,302,407</u>	<u>\$ 1,297,975</u>	<u>\$ 178,175</u>	<u>\$ 12,038,273</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$ 885,809	\$ 531,649	\$ 537,734	\$ (1,403,660)	\$ 71,973	\$ 623,505
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation expense	789,770	722,954	451,699	483,384	8,153	2,455,960
(Increase) Decrease in accounts receivables	(50,084)	(9,005)	(66,414)	2,536	(2,151)	(125,118)
(Increase) Decrease in prepaid assets	-	-	-	(2,714)	-	(2,714)
Increase (Decrease) in accounts payable	(1,035,269)	(1,375,308)	(16,445)	79,509	(2,471)	(2,349,984)
Increase (Decrease) in payable from restricted	(328,197)	-	-	-	-	(328,197)
Increase (Decrease) in accrued liabilities	2,347	491	(228)	(14,430)	-	(11,820)
Increase (Decrease) in compensated absences	(16,933)	1,977	2,721	18,253	-	6,018
Increase (Decrease) in deposits	9,711	-	-	-	-	9,711
Net cash from operating activities	<u>\$ 257,154</u>	<u>\$ (127,242)</u>	<u>\$ 909,067</u>	<u>\$ (837,122)</u>	<u>\$ 75,504</u>	<u>\$ 277,361</u>

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

LINDON CITY CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Lindon City Corporation (the City) was incorporated in March of 1924, under the provisions of the Utah State Code. Lindon City Corporation is a political subdivision of the State of Utah. The City operates under a six member council form of government and provides services authorized by its charter, including public safety, (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. Some of these services are provided under contract with other entities.

B. Reporting Entity

The accompanying financial statements present the financial position of the various fund types, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of and for the fiscal year ended June 30, 2025.

For financial reporting purposes, Lindon City Corporation has included all funds, and component units. The City has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria in GASB Statement No. 14 to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to or impose financial burdens on the City.

As required by generally accepted accounting principles, this report presents the financial information of both Lindon City Corporation (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of the component unit's operational or financial relationships with the City.

Component Units

These component units are entities, which are legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City. They have the same governing boards or are responsible for appointing the members of the governing boards and provide services almost entirely to Lindon City. As such, they are accounted for as blended component units and are reported as funds of the City. These organizations for which Lindon City is financially accountable, and the relationship with Lindon City is significant enough that exclusion would possibly lead to misleading or incomplete financial statements. To obtain separate individual component unit financial statements please send requests to Lindon City, c/o the City Administrator, 100 North State Street, Lindon, Utah 84042.

Lindon City Redevelopment Agency. The Agency was established for the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of redevelopment and economic development projects within the area in which it is authorized to act. The members of the City Council are also members of the Redevelopment Agency's Board of Directors and, as such, are authorized to transact the business and exercise their power to plan, engineer, and carry out projects of the Redevelopment Agency. The Agency is reported as a special revenue fund.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general governmental services, public safety, highways and streets, planning and engineering, parks, and redevelopment are classified as governmental activities. The City's water, wastewater, storm water, recreation, waste collection, and telecommunication funds are classified as business-type activities.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its blended component units. 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 user fees and charges for support.

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 which 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. 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 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 revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than expenditures in the government-wide financial statements.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants 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 measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (generally within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the City receives cash.

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, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Road Capital Projects Fund accounts for the financial resources to be used for the city's roads.

The government reports the following major proprietary funds:

The Water Fund accounts for the activities of the city's water utility and water distribution system.

The Wastewater Fund accounts for the activities of the city's sewer utility.

The Storm Water Fund accounts for the activities of the city's storm drain utility.

The Recreation Fund accounts for the activities at the city's swimming pool and community center.

Additionally, the City reports the following non-major funds:

The Redevelopment Agency special revenue fund reports the activities of the Agency as described previously.

The Debt Service Fund reports the payments of long-term debt.

The Parks, Arts, Recreation, and Culture (P.A.R.C.) Tax special revenue fund records the receipts and use of tax the P.A.R.C. tax.

The General Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Waste Collection Fund (an enterprise fund) accounts for the service fees and expenses associated with garbage collection in the City.

The Telecommunications Fund (an enterprise fund) accounts for the receivables and associated debt and the collections on those receivables for resident connections to the Utah Infrastructure Agency fiber optic network.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers. Operating expenses for enterprise 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.

E. Assets, Liabilities, and Net Position

1. Deposits and Investments

Cash and cash equivalents consist of amounts in demand and certificates of deposit and all highly liquid investments maturing within three months. Cash balances are invested to the extent available. Investments are held in Utah Public Treasurers' Investment Fund (PTIF). Investments are stated at cost, which approximates fair value.

The City categorizes the fair value measurements of its investments based on the hierarchy established by general accepted accounting principles. The fair value hierarchy, which has three levels, is based on valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs. Fair value measurements of the City's investments in PTIF at June 30, 2025, of \$22,553,480 are based on significant other observable inputs (Level 2 inputs).

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaids are reported using the consumption method.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Net Position (Continued)

3. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

All trade receivables are shown net of an allowance for uncollectible. The allowance for doubtful accounts at June 30, 2025 for all funds is approximately \$4,796 and is concentrated in the enterprise funds.

4. Restricted Assets

Cash and investments are often restricted to a particular use due to statutory or legal requirements and are therefore classified as “restricted” on the City’s balance sheets. When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed. Additionally, the City would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

5. Capital Assets

Capital assets, which include property, land, buildings, water/sewer/storm systems, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000. Purchased or constructed assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. 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. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Assets</u>	<u>Years</u>
Buildings	20 to 40
Infrastructure	20 to 40
Water distribution system	25 to 50
Waste water collection system	3 to 10
Storm water drainage system	5 to 10
Improvements other than buildings	5 to 20
Machinery and equipment	5 to 10
Vehicles	5
Lease assets	5

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Net Position (Continued)

6. Unearned Revenue

Unearned revenue arises when resources are received by the City before it has earned them, as when grant monies or donations are received prior to the incurrence of qualifying expenditures. In subsequent periods when the City has earned the resources, the revenue is recognized.

7. Deposits

Developer and customer deposits are principally deposits from developers that are held by the City until building projects and developments receive the required City inspections and are in compliance with all City ordinances.

8. Compensated Absences

Accumulated vacation leave that is due and payable at year-end is reported as an expenditure and a fund liability for governmental funds. Amounts of accumulated vacation leave that are not reported as a current period expenditure in the governmental funds are reported on the government-wide financial statements as a noncurrent liability. Accumulated vacation in business-type funds is recorded as an expense and a liability as employees earn these benefits. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits.

9. 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 and discounts 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. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize other financing sources or uses for bond premiums and discounts, as well as bond issuance costs, 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 debt service expenditures.

10. 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.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Net Position (Continued)

11. Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports a separate section from assets for deferred outflows of resources. Deferred outflows of resources represent consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred charges on bond refundings and deferred outflows of resources relating to pensions. In addition, the statement of net position reports a separate section from liabilities for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources relating to pensions and for property taxes received in future periods.

12. Fund Balances

In the fund financial statements, governmental funds report classifications of fund balances based on a hierarchy that shows the level or form of constraints on fund balance resources, and the extent to which the City is bound to honor those constraints. Fund balance classifications are:

Nonspendable – includes fund balance amounts that cannot be spent because they are either a) not in spendable form, or b) legally or contractually required to be maintained intact. Fund balances related to inventory, long term portions of notes receivable and prepaid expenditures are classified as nonspendable.

Restricted – includes fund balance amounts that are subject to external constraints that have been placed on the use of the resources imposed by either a) creditors, grantors, contributors, or laws and regulations of other governments, or b) law through constitutional provisions or enabling legislation. Restricted fund balances include unspent tax revenues for specific purposes.

Committed – the portion of unrestricted fund balance that can only be used for specific purposes as established by formal action of the Mayor and City Council. Fund balance commitments can only be removed or changed by the same action of the mayor and city council. Committed resources also include any contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – the portion of unrestricted fund balance that the City intends to be used for a specific purpose but are neither restricted nor committed. These are established by the City Council. It includes all remaining positive fund balance amounts that are reported in governmental funds, other than the General Fund, which have specific purposes and that are not classified as one of the previous classifications.

Unassigned – remaining unrestricted funds in excess of other categories in the General Fund and any residual deficits in any fund.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Taxes

On or before June 22 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. When these special public hearings are necessary, the adoption of the final budget must be done before August 17. All property taxes levied by the City are assessed and collected by Utah County.

Taxes are levied as of January 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. Tax liens are placed on a property on January 1 following the due date of unpaid taxes. 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 taxes are collected by the Utah State Tax Commission and remitted to the City monthly. Franchise taxes are collected by telephone, mobile phone, natural gas, electric utilities, and cable television companies and remitted to the City periodically.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are prepared and adopted, in accordance with State law, by the City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in several different funds, including the General Fund, Special Revenue Funds and Enterprise Funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of General Fund balance until unrestricted fund balance (the total of committed, assigned, and unassigned fund balance) exceeds 5% of the General Fund revenues. Additionally, unrestricted fund balance is limited to 35% of the current year revenues not including any appropriations of fund balance. The City follows these procedures in accordance with Utah Code in establishing the budgetary data reflected in the financial statements:

- The City prepares its budgets on a GAAP basis.
- On or before the first regularly scheduled meeting of the Mayor and City Council in May, the finance director prepares a tentative budget for the ensuing fiscal year.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- The tentative budget as adopted by the Mayor and City Council is then made available to the public for inspection for a period of at least ten days prior to the adoption of the final budget.
- Prior to June 22, the budget is legally enacted through passage of a resolution.
- The City Council approves, by resolution, total budget appropriations only. The finance director is authorized to transfer any unexpended appropriation balances from one expenditure account to another within departments during the budget year. The originally adopted budget may be amended during the year. The City Council by resolution may transfer any unexpended appropriation balance from one department to another within the same fund. In order to increase expenditures in any fund the City must hold a public hearing in addition to passing a resolution.
- Unused appropriations for all annually budgeted funds lapse at the end of the fiscal year on June 30.
- Unused capital project fund appropriations are carried into the subsequent fiscal year.

NOTE 3 – DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost, which approximate fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" which also includes cash accounts that are separately held by several of the City's funds.

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

Investments – The City's investment policies are governed by State statutes. The City follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

The City invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasures' Office.

Deposits - Custodial Credit Risk – The custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The Money Management Act requires that deposits be in a qualified depository whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the City at June 30, 2025 were \$2,703,926. Of these, \$2,203,926 were exposed to custodial credit risk because they were uninsured and uncollateralized.

Investments – Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest rate risk is managed by compliance to the Utah Money Management Act which provides guidance for handling depository and investing transactions in order to minimize interest rate risk. The City's weighted average maturity for investments as of June 30, 2025 was less than one year.

Investments – Credit Risk – The City follows the requirements of the Utah Money Management Act (Section 51, Chapter 7 of the Utah Code) in handling its depository and investing transactions. City funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the City to invest in the Utah Public Treasurer's Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. Agency Issues, high-grade commercial paper, bankers' acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah. The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The City has no other investment policy that would further limit its investment choices.

Investments - Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2025, the City had the following deposits and investments:

	Fair Value	Carrying Amount	Credit Rating (1)	Weighted Average Years to Maturity (2)
Cash on Deposit	\$ 2,703,926	\$ 2,267,139	N/A	N/A
Cash on Hand	3,300	3,300		
Total cash on hand and deposit	<u>\$ 2,707,226</u>	<u>\$ 2,270,439</u>		
Investments (3):				
Utah State Treasurer's Investment Pool	\$ 22,598,258	\$ 22,553,480	N/A	120.30
Total investments	<u>\$ 22,598,258</u>	<u>\$ 22,553,480</u>		
Total cash and cash equivalents	<u>\$ 25,305,484</u>	<u>\$ 24,823,919</u>		

NOTE 4 – NOTES RECEIVABLE

Notes receivable consist of many individual notes with residents who have financed installation of fiber optic lines to their home from Utah Infrastructure Agency (UIA). Notes between the residents and the City were signed simultaneously with notes between the City and UIA. The notes receivable from the residents and the notes payable to UIA were both \$163,803 at June 30, 2025.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from Other Funds

Loans made between funds are reflected as "due to" or "due from" on the respective funds' Balance Sheet (governmental funds) and/or Statement of Net Position (business-type funds). As of June 30, 2025, due to and due from other funds were as follows:

	Receivable	Payable
Governmental Activities		
General Fund	\$ 206,908	\$ -
Non major governmental funds	-	474,504
Business-type Activities		
Water	-	142,404
Recreation	410,000	-
	<u>\$ 616,908</u>	<u>\$ 616,908</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from Other Funds (Continued)

The due to/from other funds are the result of individual funds' cash flow needs. These accounts at the fund financial statement level have been eliminated at the government-wide financial statement level (Statement of Net Position). The above amounts will be repaid by the respective funds.

Transfers Between Funds

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities		
General Fund	\$ 1,220,509	\$ 3,446,453
Redevelopment Agency	21,810	226,180
Debt Service	812,193	-
Capital Projects Road	1,500,000	-
Non major governmental funds	750,000	870,000
Business-type Activities		
Water	-	351,567
Waste Water	-	351,567
Storm Water	-	460,095
Recreation	1,422,450	
Non major business-type funds	10,000	31,100
	<u>\$ 5,736,962</u>	<u>\$ 5,736,962</u>

The City's interfund transfers for the year ended June 30, 2025, are summarized below:

The General Fund received \$1,220,509 for the following transfers:

- \$26,180 from the Redevelopment Agency for Administrative costs
- \$351,567 from the Water Fund to share administrative costs in the General Fund
- \$351,567 from the Sewer Fund to share administrative costs in the General Fund
- \$351,567 from the Storm Water Fund to share administrative costs in the General Fund
- \$108,528 from the Storm Water Fund for Administrative and other costs
- \$31,100 from the non-major business-type funds for administrative costs

The Redevelopment Fund received \$21,810 from the General Fund as part of a sales tax participation agreement.

The Debt Service received \$812,193 for the following transfers:

- \$612,193 from the General Fund to meet debt service obligations.
- \$200,000 from the Redevelopment Fund to meet debt service obligations.

The Capital Projects Road Fund received \$1,500,000 from the General Fund to help fund road improvements.

The Capital Projects Fund (non-major governmental fund) received \$750,000 from the General Fund to help fund the expansion of the other half of the cemetery.

The Recreation fund received \$1,422,450 for the following transfers:

- \$552,450 from the General Fund for debt service obligations and to help subsidize the fund
- \$460,000 from the Capital Project Fund (non-major governmental fund)

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

Transfers Between Funds(continued)

- \$410,000 from the PARC Tax Fund (non-major governmental fund) to help fund improvements and debt service.

The non-major business-type fund received \$10,000 from the General Fund to subsidize the annual citywide cleanup in the Fall.

Interfund Loans

The Interfund loan receivable and payable, in the amount of \$1,300,000 is the result of the Waste Water funds cash flow needs for capital projects. These accounts at the fund financial statement level have been eliminated at the government-wide financial statement level (Statement of Net Position). The amount of \$1,300,000 will be repaid to the General Fund over a period of 10 years, with interest at 4.5%. The annual combined principal and interest payment will be \$164,292.47.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2025:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities:				
Capital assets, not being depreciated:				
Land and collectibles	\$ 15,334,056	\$ -	\$ -	\$ 15,334,056
Water stock and rights	69,550	-	-	69,550
Construction in progress	2,790,980	2,970,350	(2,067,152)	3,694,178
	<u>18,194,586</u>	<u>2,970,350</u>	<u>(2,067,152)</u>	<u>19,097,784</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings	7,953,480	6,106	-	7,959,586
Infrastructure	52,343,282	3,338,400	-	55,681,682
Improvements other than buildings	8,659,791	-	-	8,659,791
Machinery and equipment	1,322,746	161,472	-	1,484,218
Vehicles	1,407,845	308,832	-	1,716,677
Lease asset	1,038,640	-	-	1,038,640
	<u>72,725,784</u>	<u>3,814,810</u>	<u>-</u>	<u>76,540,594</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Buildings	(2,438,749)	(237,585)	-	(2,676,334)
Infrastructure	(27,147,456)	(1,600,407)	-	(28,747,863)
Improvements other than buildings	(4,169,038)	(367,793)	-	(4,536,831)
Machinery and equipment	(1,018,408)	(75,844)	-	(1,094,252)
Vehicles	(864,290)	(197,750)	-	(1,062,040)
Lease asset	(196,909)	(259,660)	-	(456,569)
	<u>(35,834,850)</u>	<u>(2,739,039)</u>	<u>-</u>	<u>(38,573,889)</u>
Total accumulated depreciation				
Total capital assets being depreciated, net	<u>36,890,934</u>	<u>1,075,771</u>	<u>-</u>	<u>37,966,705</u>
Governmental Activities capital assets, net	<u>\$ 55,085,520</u>	<u>\$ 4,046,121</u>	<u>\$ (2,067,152)</u>	<u>\$ 57,064,489</u>

Depreciation expense was charged to functions/programs for the year ended June 30, 2025, is as follows:

Governmental Activities:	
General government	\$ 192,859
Public safety	395,100
Highways and public improvements	1,649,990
Parks and recreation	<u>501,090</u>
Total depreciation expense - governmental activities	<u>\$ 2,739,039</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 – CAPITAL ASSETS (Continued)

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,509,243	\$ -	\$ -	\$ 1,509,243
Water Stock	12,679,056	-	-	12,679,056
Construction in progress	6,854,466	2,547,056	(6,736,830)	2,664,692
Total capital assets, not being depreciated	21,042,765	2,547,056	(6,736,830)	16,852,991
Capital assets, being depreciated:				
Buildings	12,462,528	589,813	-	13,052,341
Telecom Infrastructure	170,711	-	-	170,711
Water system	26,591,181	7,204,085	-	33,795,266
Waste water system	21,185,657	101,452	-	21,287,109
Storm water system	18,556,876	513,133	-	19,070,009
Equipment	2,046,893	16,861	-	2,063,754
Vehicles	304,598	136,913	(70,818)	370,693
Total capital assets, being depreciated	81,318,444	8,562,257	(70,818)	89,809,883
Less accumulated depreciation for:				
Buildings	(4,434,746)	(389,679)	-	(4,824,425)
Telecom Infrastructure	(59,407)	(8,153)	-	(67,560)
Water system	(9,680,629)	(725,537)	-	(10,406,166)
Waste water system	(8,406,298)	(657,687)	-	(9,063,985)
Storm water system	(5,628,485)	(448,733)	-	(6,077,218)
Equipment	(1,178,561)	(204,498)	-	(1,383,059)
Vehicles	(272,517)	(21,673)	70,818	(223,372)
Total accumulated depreciation	(29,660,643)	(2,455,960)	70,818	(32,045,785)
Total capital assets being depreciated, net	51,657,801	6,106,297	-	57,764,098
Business-type Activities capital assets, net	<u>\$ 72,700,566</u>	<u>\$ 8,653,353</u>	<u>\$ (6,736,830)</u>	<u>\$ 74,617,089</u>

Depreciation expense was charged to functions/programs for the year ended June 30, 2025, is as follows:

Business-type Activities	
Water	\$ 789,770
Waste water	722,954
Storm water	451,699
Recreation	483,384
Telecommunications	8,153
Total depreciation expense - business-type activities	<u>\$ 2,455,960</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 – DEFERRED INFLOWS OF RESOURCES – PROPERTY TAXES

In conjunction with GASB pronouncement 33, “Accounting and Financial Reporting for Nonexchange Transactions” the City has accrued property tax receivable and a deferred property tax revenue in the General Fund and Redevelopment Agency in the amounts of \$2,300,000 and \$0, respectively.

NOTE 8 – LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the June 30, 2025:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Due Within One Year
Governmental Activities:					
Bonds payable:					
Revenue bonds payable -					
Direct Placements	\$ 3,579,000	\$ -	\$ (284,000)	\$ 3,295,000	\$ 298,000
Total bonds payable	3,579,000	-	(284,000)	3,295,000	298,000
Notes payable and leases:					
Right to Use Asset -Leases	\$ 857,271	\$ -	\$ (137,819)	\$ 719,452	\$ -
Total notes payable and leases	857,271	-	(137,819)	719,452	-
Other liabilities:					
Compensated absences	\$ 1,098,071	\$ 182,978		\$ 1,281,049	\$ 828,194
Total other liabilities	1,098,071	182,978	-	1,281,049	828,194
Total Governmental activities long-term liabilities	5,534,342	182,978	(421,819)	5,295,501	1,126,194
Business-type Activities:					
Bonds payable:					
Revenue bonds:					
Public offering	5,235,000	-	(435,000)	4,800,000	455,000
Plus: unamortized premiums	320,467	-	(33,734)	286,733	-
Direct placement	4,241,560	-	(311,664)	3,929,896	70,879
Total bonds payable	9,797,027	-	(780,398)	9,016,629	525,879
Notes payable:					
Notes payable	961,691		(130,109)	831,582	132,636
Total notes payable	961,691	-	(130,109)	831,582	132,636
Other liabilities:					
Compensated absences	300,635	6,018	-	306,653	198,681
Total other liabilities	300,635	6,018	-	306,653	198,681
Total Business-type activities long-term liabilities	11,059,353	6,018	(910,507)	10,154,864	857,196
Total long-term Liabilities	\$ 16,593,695	\$ 188,996	\$ (1,332,326)	\$ 15,450,365	\$ 1,983,390

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)

Long-term debt at June 30, 2025 consists of the following:

GOVERNMENTAL ACTIVITIES

Revenue Bonds

The Tax Increment and Sales Tax Revenue Bonds Series 2023 were issued for \$3,579,000 with a rate of 4.940%. Debt service payments are made semi-annually beginning May 2024 with the final payment due November 3033. The liability is in the Governmental funds for the 700 North Project Area. The debt service is paid from sales tax revenues of the City and Redevelopment tax increment revenues.

\$ 3,295,000

Total Revenue Bonds - Governmental Activities

\$ 3,295,000

Leases

2023 Police Vehicle Lease was issued for original amount of \$1,038,640. with lease payments due in annual installments ranging from \$43,550 to \$12,791 including interest at 5.08% beginning September 2023, with the final payment due September 2027. The principal and interest payments are made from the General Fund revenues. The lease was used to finance 15 police vehicles and replaced a prior police vehicle lease for vehicles that were traded in.

\$ 719,452

Total Leases - Governmental Activities

\$ 719,452

Compensated absences

The total of accumulated unpaid compensated absences in governmental funds. The majority of compensated absences are paid out of the general fund.

\$ 1,110,675

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

BUSINESS-TYPE ACTIVITIES

Revenue Bonds - Public Offering

The Sales Tax Revenue Refunding Bonds, Series 2015, were issued in the amount of \$7,470,000 with coupon rates between 2.0 and 4.0%. Debt service is due in semi-annual installments beginning July 2015 with the final payment due July 2033. This bond was issued to partially refund in advance the Sales Tax Revenue Bonds, Series 2008, which were originally issued to pay for the Aquatics Center. The total debt service refunded in advance was anticipated to be \$12,550,133, and total debt service for the new debt is \$12,065,423. The present value of debt service savings from the advance refunding is \$367,063. The city has pledged the sales tax revenue to service this debt. The bond contains a significant default provision wherein if the city does not pay the scheduled principal and interest payments the bond holders may pursue any available remedy to enforce the required payments.

	\$ 4,800,000
Total Revenue Bonds - Public Offering	<u>\$ 4,800,000</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

Revenue Bonds - Direct Placement

The City entered into an agreement with the Central Utah Water Conservancy District (CUWCD), Central Utah Project (CUP), in August of 1997 for rights to 1,425 acre feet of water per year for 50 years starting in 1998. In January 2000, Lindon City received a grant of \$1,899,011 from CUWCD. As part of the terms of the grant, the City gave back rights to 500 acre feet, leaving the City with rights to 925 acre feet per year. Lindon City had deferred payments for 10 years. Debt service payments are made annually with interest at 3.222% beginning February 2008 with the final payment due February 2047. Debt service payments are made from the revenues of the Water fund.

\$ 2,219,896

The Waste Water Revenue Bonds Series 2011 consisted of \$3,000,000 with interest at 2.5%. The bonds were issued to finance additions and improvements to the waste water system. Debt service payments are made annually beginning July 2011 with the final payment due July 2031. The city has pledged the net revenues of the waste water system to service this debt. The bond contains a significant default provision wherein if the city does not pay the scheduled principal and interest payments the bond holders may require an interest penalty of 18% and may appoint a trustee bank to act as a receiver.

1,061,000

The Sewer Revenue Bonds Series 2017 consisted of \$1,262,000 with interest at 2.86%. The bonds were issued to finance additions and improvements to the sewer system. Debt service payments are made annually beginning December 2018 with the final payment due December 2032. The city has pledged the net revenues of the waste water system to service this debt. The bond contains a significant default provision wherein if the city does not pay the scheduled principal and interest payments the bond holders may appoint a trustee bank to act as a receiver.

649,000

Total Revenue Bonds - Direct Placement

3,929,896

Total Revenue Bonds - Business-type Activities

\$ 8,729,896

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

Notes Payable

The 2010 Orem Sewer Expansion Note Payable consisted of \$2,217,241 principal with interest at 0%. The debt was issued to finance construction to increase waste water discharge capacity related to the expansion of the City of Orem's Water Reclamation Facility, with which the City contracts to process its waste water. Debt service payments are made annually beginning February 2013 with the final payment due February 2032. Debt service payments are made from the revenues of the Waste Water fund and impact fees. The City also pays a debt reserve payment and a repair and replacement reserve payment for the first 10 years.

\$ 667,779

The UIA Notes Payable consists of \$391,550 of debt payable to UIA for hookup costs of Lindon City residents to the fiber optic network, payable in monthly installments of \$25-\$30 over 10 or 20 years with interest between 6-8%. The City has recorded notes receivable from the Lindon City residents in the same amount. No new notes were added during the year. The last note comes due in July 2039. The amounts payable to UIA are paid by Lindon City residents.

163,803

Total Notes Payable - Business-type Activities

\$ 831,582

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity, both principal and interest, for long-term debt is as follows:

Year Ending June 30,	Governmental Activities	
	Revenue Bonds	
	Principal	Interest
2026	298,000	155,412
2027	313,000	140,321
2028	329,000	124,463
2029	346,000	107,791
2030	363,000	90,279
2031-2034	1,646,000	167,565
Total	<u>\$ 3,295,000</u>	<u>\$ 785,831</u>

Year Ending June 30,	Business-type Activities	
	Revenue Bonds - Public Offering	
	Principal	Interest
2026	\$ 455,000	\$ 182,900
2027	470,000	164,400
2028	485,000	145,300
2029	510,000	125,400
2030	530,000	104,600
2031-2034	2,350,000	193,000
	<u>\$ 4,800,000</u>	<u>\$ 915,600</u>
Plus: unamortized premium	286,733	
Total revenues bonds	<u>\$ 5,086,733</u>	

Year Ending June 30,	Business-type Activities	
	Revenue Bonds - Direct Placement	
	Principal	Interest
2026	\$ 154,879	\$ 122,063
2027	325,166	113,298
2028	333,520	101,333
2029	251,953	95,060
2030	353,465	85,552
2031-2035	1,111,926	296,032
2036-2040	519,031	196,438
2041-2045	608,211	122,794
2046-2047	271,745	21,683
Total direct placement bonds	<u>3,929,896</u>	<u>\$ 1,154,253</u>

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 – LONG-TERM DEBT (Continued)

Year Ending June 30,	Business-type Activities	
	Notes Payable	
	Principal	Interest
2026	\$ 132,636	\$ 11,017
2027	132,198	9,322
2028	132,993	7,531
2029	134,364	5,617
2030	135,648	3,569
2030-2032	163,743	25,520
Total note payable	\$ 831,582	\$ 62,576

Pledges of future revenues

The City has pledged various revenues as part of debts issued by the City. Information concerning the pledge revenues, by type, is shown below for the year ended June 30, 2025:

	Sales Taxes	Water Revenues	Sewer Revenues
Principal	\$ 4,800,000	\$ 2,219,893	\$ 1,791,000
Interest	915,600	841,612	173,489
Total future revenues pledged over the life of the debts	\$ 5,715,600	\$ 3,061,505	\$ 1,964,489
Revenues for the year ended June 30, 2025	\$ 7,323,253	\$ 3,864,315	\$ 2,374,173
Principal	421,820	68,667	243,000
Interest	216,251	75,881	54,245
Payments on debt from pledged revenues for the year ended June 30, 2025	\$ 638,071	\$ 144,548	\$ 297,245
Percent of current year revenues to total pledged revenues	128%	126%	121%

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS

Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

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

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System's 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, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues 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.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

Summary of Benefits by System

Benefits Provided: URS provides retirement, disability, and death benefits.

Retirement benefits are as follows:

Summary of Benefits by System

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	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending on the employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year to June 30, 2020 2.0% per year July 1, 2020 to present	Up to 2.5%

* Actuarial reductions are applied.

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement 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. Contribution rates as of June 30, 2025, are as follows:

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

Utah Retirement Systems	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>
Contributory System			
111 - Local Governmental Division Tier 2	0.70%	15.19%	N/A
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	16.97%	N/A
Public Safety Retirement System			
Contributory			
122 - Tier 2 DB Hybrid Public Safety	4.73	25.33%	N/A
Noncontributory			
43 - Other Division A with 2.5% COLA	N/A	33.54%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	5.19%	10.00%
222 - Public Safety	N/A	11.33%	14.00%

***Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2025, the employer and employee contributions to the Systems were as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 298,908	\$ -
Public Safety System	263,115	-
Tier 2 Public Employees System	231,687	10,316
Tier 2 Public Safety and Firefighter	103,479	19,323
Tier 2 DC Public Employees	5,911	-
Total Contributions	<u>\$ 903,101</u>	<u>✓\$ 29,639</u>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

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

At June 30, 2025 we reported a net pension liability of \$1,466,338 and a net pension asset of 0.

	<u>(Measurement Date): December 31, 2024</u>		
	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>
Noncontributory System	\$ -	\$ 600,186	0.1892666%
Public Safety System	-	685,390	0.4429586%
Tier 2 Public Employees System	-	138,425	0.0464140%
Tier 2 Public Safety and Firefighter	-	42,337	0.0936064%
Total Net Pension Asset/Liability	<u>\$ -</u>	<u>\$ 1,466,338</u>	

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024 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 year ended June 30, 2025, we recognized pension expense of \$1,196,296

At June 30, 2025 we 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	\$ 515,524	\$ 3,178
Changes in assumptions	119,622	679
Net difference between projected and actual earnings on pension plan investments	310,998	-
Changes in proportion and differences between contributions and proportionate share of contributions	33,560	7,668
Contributions subsequent to the measurement date	<u>456,194</u>	<u>-</u>
Total	<u>\$ 1,435,898</u>	<u>\$ 11,525</u>

\$456,194 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION 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>Net Deferred Outflows (inflows) of Resources</u>
2025	\$ 445,685
2026	533,327
2027	(108,229)
2028	(5,246)
2029	40,102
Thereafter	62,540

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

For the year ended June 30, 2025, we recognized pension expense of \$557,197.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 357,625	\$ -
Changes in assumptions	49,646	-
Net difference between projected and actual earnings on pension plan investments	180,786	-
Changes in proportion and differences between contributions and proportionate share of contributions	7,345	403
Contributions subsequent to the measurement date	150,758	-
Total	<u>\$ 746,160</u>	<u>\$ 403</u>

\$150,758 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION 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>Net Deferred Outflows (inflows) of Resources</u>
2025	\$ 348,797
2026	332,955
2027	(73,357)
2028	(13,396)
2029	-
Thereafter	-

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

For the year ended June 30, 2025, we recognized pension expense of \$426,844

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

<u></u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 72,426	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	118,621	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	3,356
Contributions subsequent to the measurement date	135,347	-
Total	<u>\$ 326,394</u>	<u>\$ 3,356</u>

\$135,347 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION 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>(inflows) of Resources</u>
2025	\$ 76,232
2026	168,374
2027	(48,181)
2028	(8,734)
2029	-
Thereafter	-

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

For the year ended June 30, 2025, we recognized pension expense of \$151,162.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59,842	\$ 954
Changes in assumptions	46,232	14
Net difference between projected and actual earnings on pension plan investments	8,847	-
Changes in proportion and differences between contributions and proportionate share of contributions	21,776	1,623
Contributions subsequent to the measurement date	121,821	-
Total	<u>\$ 258,518</u>	<u>\$ 2,591</u>

\$121,821 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION 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>Net Deferred Outflows (inflows) of Resources</u>
2025	\$ 15,935
2026	24,634
2027	10,638
2028	13,172
2029	31,114
Thereafter	38,613

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

For the year ended June 30, 2025, we recognized pension expense of \$61,093.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

<u></u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,632	\$ 2,224
Changes in assumptions	23,743	665
Net difference between projected and actual earnings on pension plan investments	2,744	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,438	2,286
Contributions subsequent to the measurement date	48,268	-
Total	<u>\$ 104,825</u>	<u>\$ 5,175</u>

\$48,268 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION 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>Net Deferred Outflows (inflows) of Resources</u>
2025	\$ 4,721
2026	7,364
2027	2,671
2028	3,711
2029	8,988
Thereafter	23,928

Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.5 – 9.5 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2024, valuation were based on the results of an actuarial experience study for the period ending December 31, 2023.

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:

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	35.00%	7.01%	2.45%
Debt securities	20.00%	2.54%	0.51%
Real Assets	18.00%	5.45%	0.98%
Private equity	12.00%	10.05%	1.21%
Absolute return	15.00%	4.36%	0.65%
Cash and cash equivalents	0%	4.90%	0.00%
Totals	100%		5.80%
	Inflation		2.50%
	Expected arithmetic nominal return		8.30%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 6.85 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 URS 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.

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 6.85 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 (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 2,538,295	\$ 600,186	\$ (1,025,260)
Public Safety System	2,105,618	685,390	(473,493)
Tier 2 Public Employees System	413,440	138,425	(75,511)
Tier 2 Public Safety and Firefighter	144,366	42,337	(39,236)
Total	\$ 5,201,719	\$ 1,466,338	\$ (1,613,500)

Pension plan fiduciary net position: Detailed information about the pension plans fiduciary net position is available in the separately issued URS financial report.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 – PENSION PLANS (Continued)

Defined Contributions Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement 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 URS financial report.

Lindon City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- * 401(k) Plan
- * 457 (b) Plan
- * Roth IRA Plan
- * Traditional IRA Plan

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

<u>System</u>	<u>Year Ended June 30,</u>	<u>Employee paid Contributions</u>	<u>Employer paid Contributions</u>
Defined Contribution System:			
401(k) Plan	2025	\$ 140,437	\$ 136,673
	2024	99,240	127,023
	2023	106,090	114,141
457 Plan	2025	14,851	-
	2024	12,997	-
	2023	6,166	-
Roth IRA Plan	2025	32,587	N/A
	2024	23,164	N/A
	2023	17,673	N/A
Traditional IRA	2025	120	N/A
	2024	180	N/A
	2023	-	N/A

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 – REDEVELOPMENT AGENCY

For the year ended June 30, 2025, the following activity occurred in the Lindon City Redevelopment Agency:

Tax increment collected from taxing agencies for project areas as follows:

700 N CDA	\$ 206,045
Total tax increment collected	<u>\$ 206,045</u>

Amounts expended for:

Administrative costs	\$ 36,552
Tax increment paid to other entities	250,000
Transfers out for debt service	<u>226,180</u>
Total amounts expended by RDA	<u>\$ 512,732</u>

Outstanding bonds and loans to finance RDA projects	<u>\$ 3,295,000</u>
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NOTE 11 – INTERLOCAL AGREEMENTS

The City is one of 11 founding members of the Utah Telecommunications Open Infrastructure Agency (UTOPIA), an interlocal cooperative agreement organized under the laws of the State of Utah.

UTOPIA was created to design, finance, build, operate, and maintain an open, wholesale, public and telecommunication infrastructure that delivers high-speed connections to every home and business in the member communities. UTOPIA issues annual audited financial statements which are available either from UTOPIA or the Utah State Auditor.

The City is a pledging member who has pledged sales and use tax revenues to partially guarantee payment of UTOPIA's bonds. In return for the pledge, the City will be among the first cities to receive UTOPIA's services. In December 2011, UTOPIA issued an \$185,000,000 revenue refunding bond, which will become due in June 2040. The debt service payments will be made by the 11 pledging members according to their respective percentages up to a specific dollar amount. The City's percentage of the Debt Service Reserve shortfall is 3.09% with a yearly liability limit set at a maximum of \$491,290 for the coming year ending June 30, 2025. Any bonds or debt issued or incurred by UTOPIA will not constitute debt of the City.

The City has made the pledged payments to UTOPIA for debt service beginning in fiscal year 2010. Pledge payments made during the year ended June 30, 2025 totaled \$356,205. The aggregate amount of pledges paid to UTOPIA totals \$5,944,537 as of June 30, 2025. This amount has been recorded as a note payable by UTOPIA to the City. The City believes that repayment is unlikely and has expensed the amounts as incurred less the few unanticipated repayments by UTOPIA.

The City is also one of eight founding members of the Utah Infrastructure Agency (UIA), an interlocal cooperative agreement organized in July of 2010 under the laws of the State of Utah. Like UTOPIA, UIA was organized to provide for acquisition, construction, and installation of advanced communication lines,

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 – INTERLOCAL AGREEMENTS (Continued)

improvements, and facilities. The UIA agreement for OpEx has a clause that allows City Council's to vote on whether to pay the OpEx shortfall. Lindon City Council approved some payment requests, but not all. In

recent years, UIA has reimbursed Lindon City for the shortfall payments. Lindon City doesn't anticipate having to pay in the future because the City Council can vote not to pay. UIA's annual audited financial statements are available either from UIA or the Utah State Auditor.

NOTE 12 – TAX ABATEMENT

Under GASB Statement No. 77, tax abatements are defined as "a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments." The Board of the Lindon City Redevelopment Agency approved the following agreement which is considered tax abatements under the above definition:

Doug Smith Autoplex

Lindon City Redevelopment Agency entered into a participation agreement with Doug Smith Autoplex on July 18, 2022, for locating a KIA dealership in RDA #3.

- Under the agreement the agency commits to paying 100% of the property tax increment for a period of 15 years or a tax incentive reimbursement cap amount of \$679,000, whichever comes first.
- The agency will pay the sales tax incentive above \$125,000 generated by the taxable sales to the dealership for 5 years, or until the reimbursement cap amount is reached, whichever comes first.
- The total post-performance tax incentive is \$929,000.

Sales tax	
2025	\$ 21,810
Total sales tax distributed	<u>\$ 21,810</u>
Property tax	
2025	\$ 1,465
Total tax increment distributed	<u>\$ 1,465</u>

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss including third party claims; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is insured by Utah Local Government Trust for liability and property.

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 – RISK MANAGEMENT (Continued)

Real property is either self-insured or insured through commercial policies. Where possible and appropriate, in contractual transactions with other persons or entities, responsibility for damages is transferred to the other party or person(s) that perform work for the City.

The City is insured by Utah Local Government Trust for worker's compensation claims. The coverage is \$100,000 per incident with no deductible. No claims exceeded this coverage in any of the three prior years.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

During the year the city implemented GASB 101 related to the calculation of compensated absences. The standard required the city to determine the amount of the compensated absences using this new standard as of the end of the prior year and then adjust the current year for the current year activity. The result of implementing GASB 101 resulted in adjustment to the following:

	Decrease in Fund Balance or Statement of Net Position
GOVERNMENTAL ACTIVITIES	
June 30, 2024, Compenstated Absence , as previously reported	\$ (403,464)
Change due to implementation of GASB 101	<u>(694,607)</u>
June 30, 2024, as restated	<u><u>\$ (1,098,071)</u></u>
BUSINESS-TYPE ACTIVITIES	
June 30, 2024, Compenstated Absence , as previously reported	\$ (118,060)
Change due to implementation of GASB 101	
Water Fund	(36,144)
Sewer Fund	(39,741)
Storm Water Fund	(61,332)
Recreationg Fund	<u>(45,358)</u>
June 30, 2024, as restated	<u><u>\$ (300,635)</u></u>

During the year end review, the city identified three additional contracts the City entered into long term leases in prior years. The contracts were related to cell tower leases. A prior period adjustment is required to recognize additional revenue and accrue accounts receivable. Following are the adjustments:

LINDON CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)

	Increase in Fund Balance or Statement of Net Position
GOVERNMENTAL ACTIVITIES	
June 30, 2024, Lease Accounts Receivable, as previously reported	\$ 141,323
Change due to implementation of GASB 87, three additional Lease revenue contracts identified.	<u>245,172</u>
June 30, 2024, as restated	<u><u>\$ 386,495</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

LINDON CITY CORPORATION
SCHEDULE OF PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY

Measurement date of December 31, 2024

June 30, 2025

Last 10 Fiscal Years *

	Measure Date Year Ended December 31,	Noncontributory Retirement System	Public Safety System	Tier 2 Public Employees Retirement	Tier 2 Public Safety and Firefighters Retirement
Proportion of the net pension liability (asset)	2015	0.1868318%	0.5285686%	0.0286081%	0.0000000%
	2016	0.1863255%	0.5484060%	0.0227181%	0.0000000%
	2017	0.1976314%	0.5828402%	0.0229866%	0.0000000%
	2018	0.2039654%	0.6029487%	0.0255285%	0.0145344%
	2019	0.1976188%	0.4978509%	0.0407308%	0.0958160%
	2020	0.2036039%	0.4878757%	0.0393039%	0.1077048%
	2021	0.2054137%	0.4098531%	0.0393784%	0.1142467%
	2022	0.2139210%	0.4374458%	0.4317500%	0.1026644%
	2023	0.2125331%	0.4503211%	0.0431062%	0.0871102%
	2024	0.1892666%	0.4429586%	0.0464140%	0.0936064%
Proportionate share of the net pension liability (asset)	2015	\$ 1,057,185	\$ 946,799	\$ (62)	\$ -
	2016	\$ 1,196,438	\$ 1,112,867	\$ 2,534	\$ -
	2017	\$ 865,882	\$ 914,277	\$ 2,027	\$ -
	2018	\$ 1,501,945	\$ 1,551,137	\$ 10,933	\$ 364
	2019	\$ 744,799	\$ 799,358	\$ 9,161	\$ 9,013
	2020	\$ 104,437	\$ 405,055	\$ 5,653	\$ 9,661
	2021	\$ (1,176,426)	\$ (332,859)	\$ (16,666)	\$ (5,774)
	2022	\$ 366,393	\$ 565,650	\$ 47,013	\$ 8,565
	2023	\$ 492,984	\$ 644,033	\$ 83,901	\$ 32,814
	2024	\$ 600,186	\$ 685,390	\$ 138,425	\$ 42,337
Covered payroll	2015	\$ 1,598,054	\$ 969,178	\$ 184,788	\$ -
	2016	\$ 1,655,471	\$ 1,023,039	\$ 186,305	\$ -
	2017	\$ 1,764,344	\$ 1,001,735	\$ 225,153	\$ -
	2018	\$ 1,856,084	\$ 1,008,184	\$ 297,658	\$ 19,026
	2019	\$ 1,761,590	\$ 816,527	\$ 565,874	\$ 157,861
	2020	\$ 1,840,519	\$ 780,032	\$ 628,427	\$ 214,614
	2021	\$ 1,874,020	\$ 718,606	\$ 731,015	\$ 273,208
	2022	\$ 2,027,806	\$ 828,313	\$ 941,785	\$ 315,879
	2023	\$ 2,098,818	\$ 922,843	\$ 1,114,441	\$ 330,064
	2024	\$ 1,819,867	\$ 922,812	\$ 1,374,598	\$ 427,286
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	2015	66.15%	97.69%	-0.03%	-%
	2016	72.27%	108.78%	1.36%	-%
	2017	49.08%	91.27%	0.90%	-%
	2018	80.92%	153.85%	3.67%	1.91%
	2019	42.28%	97.90%	1.62%	5.71%
	2020	5.67%	51.93%	0.90%	4.50%
	2021	-62.78%	-46.32%	-2.28%	-2.11%
	2022	18.07%	68.29%	4.99%	2.71%
	2023	23.49%	69.79%	7.53%	9.94%
	2024	32.98%	74.27%	10.07%	9.91%
Plan fiduciary net position as a percentage of its covered payroll	2015	87.8%	87.1%	100.2%	-%
	2016	87.3%	86.5%	95.1%	-%
	2017	91.9%	90.2%	97.4%	-%
	2018	87.0%	84.7%	90.8%	95.6%
	2019	93.7%	90.9%	96.5%	89.6%
	2020	99.2%	95.5%	98.3%	93.1%
	2021	108.7%	104.2%	103.8%	102.8%
	2022	97.5%	93.6%	92.3%	96.4%
	2023	96.9%	93.4%	89.6%	89.1%
	2024	96.0%	93.3%	87.4%	90.1%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI. The schedule will need to be built prospectively.

LINDON CITY CORPORATION
SCHEDULE OF CONTRIBUTIONS
June 30,2025
For the Fiscal Year Ended June 30, 2025

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contribuions as a percentage of covered payroll
Noncontributory System	2016	\$ 301,261	\$ 301,261	\$ -	\$ 1,631,346	18.47%
	2017	312,054	312,054	-	1,689,520	18.47%
	2018	338,551	338,551	-	1,858,157	18.22%
	2019	328,390	328,390	-	1,799,011	18.25%
	2020	319,187	319,187	-	1,767,890	18.05%
	2021	341,398	341,398	-	1,878,673	18.17%
	2022	351,053	351,053	-	1,945,947	18.04%
	2023	359,597	359,597	-	2,049,282	17.55%
	2024	346,703	346,703	-	1,984,371	17.47%
	2025	298,908	298,908	-	1,822,122	16.40%
Public Safety System	2016	\$ 271,935	\$ 271,935	\$ -	\$ 974,419	27.91%
	2017	298,555	298,555	-	1,034,039	28.87%
	2018	323,266	323,266	-	1,017,388	31.77%
	2019	290,093	290,093	-	952,187	30.47%
	2020	249,965	249,965	-	778,497	32.11%
	2021	218,740	218,740	-	734,138	29.80%
	2022	216,855	216,855	-	778,341	27.86%
	2023	237,169	237,169	-	846,540	28.02%
	2024	261,446	261,446	-	945,724	27.65%
	2025	263,115	263,115	-	990,952	26.55%
Tier 2 Public Employees System*	2016	\$ 25,121	\$ 25,121	\$ -	\$ 168,485	14.91%
	2017	32,573	32,573	-	218,462	14.91%
	2018	37,108	37,108	-	245,265	15.13%
	2019	65,227	65,227	-	419,735	15.54%
	2020	96,663	96,663	-	617,823	15.65%
	2021	105,951	105,951	-	667,927	15.86%
	2022	132,698	132,698	-	825,750	16.07%
	2023	160,528	160,528	-	1,002,674	16.01%
	2024	200,388	200,388	-	1,251,643	16.01%
	2025	231,687	231,687	-	1,529,663	15.15%
Tier 2 Public Safety and Firefighter System*	2017	\$ -	\$ -	\$ -	\$ -	-%
	2018	-	-	-	-	-%
	2019	17,217	17,217	-	74,567	23.09%
	2020	48,104	48,107	-	207,585	23.17%
	2021	61,132	61,132	-	237,968	25.69%
	2022	77,109	77,109	-	300,262	25.68%
	2023	80,246	80,246	-	310,962	2.71%
	2024	97,104	97,104	-	384,584	25.25%
	2025	103,479	103,479	-	418,679	24.72%
Tier 2 DC Public Employees System*	2021	\$ -	\$ -	\$ -	\$ -	-%
	2022	-	-	-	-	-%
	2023	3,008	3,008	-	48,857	6.19%
	2024	3,870	3,870	-	62,528	6.19%
	2025	5,911	5,911	-	139,723	4.23%

* Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contritutions in RSI. The schedule will need to be built prospectively. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices.

** 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.

LINDON CITY CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2025

Changes in Assumptions

No changes were made to actuarial assumption from the prior year's valuation.

SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds

Redevelopment Agency Fund - This fund is used to account for activities such as acquisition of land sites and sale of such land for development, planning, construction, or operation of redevelopment and economic development projects within the area in which it is authorized to act.

P.A.R.C. Tax Fund - To account for activities funded by restricted P.A.R.C. tax revenues. For parks, arts, recreational and cultural facilities as well as program grants to community organizations.

General Capital Projects Fund – This fund accounts for the financial resources to be used for the acquisition, construction, and improvement of the major capital facilities of the general government.

Debt Service Fund - This fund is used to account for the payments of governmental debt obligations.

LINDON CITY CORPORATION
**COMBINING BALANCE SHEET – NON-MAJOR
GOVERNMENTAL FUNDS**
June 30, 2025

	Special Revenue Funds		Debt Service	Capital Projects	Total Nonmajor Governmental Funds
	Redevelopment Agency	P.A.R.C. Tax	Debt Service	General Capital Projects	
ASSETS					
Cash and cash equivalents	\$ 659,393	\$ -	\$ -	\$ 1,452,756	\$ 2,112,149
Prepays	-	-	42,595	-	42,595
Restricted cash and cash equivalents					
Cash and cash equivalents	13,731	1,393,603	-	1,830,129	3,237,463
Intergovernmental and tax receivable	-	183,953	-	-	183,953
Total Assets	\$ 673,124	\$ 1,577,556	\$ 42,595	\$ 3,282,885	\$ 5,576,160
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 6,025	\$ -	\$ -	\$ 799	\$ 6,824
Liabilities from restricted assets	-	24,053	-	-	24,053
Due to other funds	1,531	430,379	42,595	-	474,505
Total Liabilities	7,556	454,432	42,595	799	505,382
Fund Balances:					
Restricted for:					
Impact fees and future development	-	-	-	1,830,129	1,830,129
P.A.R.C. taxes	-	1,123,124	-	-	1,123,124
Assigned, reported in:					
Redevelopment agency functions	651,837	-	-	-	651,837
Capital projects	13,731	-	-	1,451,957	1,465,688
Total Fund Balances	665,568	1,123,124	-	3,282,086	5,070,778
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 673,124	\$ 1,577,556	\$ 42,595	\$ 3,282,885	\$ 5,576,160

LINDON CITY CORPORATION
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**
For the Fiscal Year Ended June 30, 2025

	<u>Special Revenue Funds</u>		<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	Redevelopment			General	
	<u>Agency</u>	<u>P.A.R.C. Tax</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Revenues:					
Taxes	\$ 206,045	\$ -	\$ -	\$ -	\$ 206,045
Impact fees	-	-	-	414,000	414,000
P.A.R.C. Tax	-	1,038,237	-	-	1,038,237
Interest	37,136	49,795	-	107,726	194,657
Total Revenues	<u>243,181</u>	<u>1,088,032</u>	<u>-</u>	<u>521,726</u>	<u>1,852,939</u>
Expenditures:					
Current:					
General government	286,552	-	356,205	-	642,757
Parks and recreation	-	491,229	-	9,884	501,113
Community development					
Debt service:					
Principal	-	-	284,000	-	284,000
Interest	-	-	171,988	-	171,988
Capital outlay	-	6,106	-	-	6,106
Total Expenditures	<u>286,552</u>	<u>497,335</u>	<u>812,193</u>	<u>9,884</u>	<u>1,605,964</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(43,371)</u>	<u>590,697</u>	<u>(812,193)</u>	<u>511,842</u>	<u>246,975</u>
Other Financing Sources (Uses):					
Transfers in	21,810	-	812,193	750,000	1,584,003
Transfers out	(226,180)	(410,000)	-	(460,000)	(1,096,180)
Total Other Financing Sources (Uses)	<u>(204,370)</u>	<u>(410,000)</u>	<u>812,193</u>	<u>290,000</u>	<u>487,823</u>
Net Change in Fund Balances	<u>(247,741)</u>	<u>180,697</u>	<u>-</u>	<u>801,842</u>	<u>734,798</u>
Fund Balances, Beginning	<u>913,309</u>	<u>942,427</u>	<u>-</u>	<u>2,480,244</u>	<u>4,335,980</u>
Fund Balances, Ending	<u>\$ 665,568</u>	<u>\$ 1,123,124</u>	<u>\$ -</u>	<u>\$ 3,282,086</u>	<u>\$ 5,070,778</u>

LINDON CITY CORPORATION
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – MAJOR
GOVERNMENTAL FUND – ROAD CAPITAL PROJECTS FUND**
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,350,000	\$ 1,600,000	\$ 1,712,648	\$ 112,648
Impact fees	-	-	2,475	2,475
Interest	280,000	204,000	207,357	3,357
Miscellaneous	-	126,425	205,485	79,060
Total Revenues	<u>1,630,000</u>	<u>1,930,425</u>	<u>2,127,965</u>	<u>197,540</u>
Expenditures:				
Current:				
Highways and public improvements	3,576,500	4,359,500	4,095,107	264,393
Total Expenditures	<u>3,576,500</u>	<u>4,359,500</u>	<u>4,095,107</u>	<u>264,393</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,946,500)</u>	<u>(2,429,075)</u>	<u>(1,967,142)</u>	<u>461,933</u>
Other Financing Sources (Uses):				
Transfers in	500,000	1,500,000	1,500,000	-
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(1,446,500)</u>	<u>(929,075)</u>	<u>(467,142)</u>	<u>461,933</u>
Fund Balances, Beginning	<u>3,456,422</u>	<u>3,456,422</u>	<u>3,456,422</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 2,009,922</u>	<u>\$ 2,527,347</u>	<u>\$ 2,989,280</u>	<u>\$ 461,933</u>

LINDON CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – NON-MAJOR
GOVERNMENTAL FUND – REDEVELOPMENT AGENCY
SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 180,000	\$ 206,050	\$ 206,045	\$ (5)
Interest	76,050	39,235	37,136	(2,099)
Total Revenues	<u>256,050</u>	<u>245,285</u>	<u>243,181</u>	<u>(2,104)</u>
Expenditures:				
Materials, supplies and services	41,625	311,901	286,552	25,349
Total Expenditures	<u>41,625</u>	<u>311,901</u>	<u>286,552</u>	<u>25,349</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>214,425</u>	<u>(66,616)</u>	<u>(43,371)</u>	<u>23,245</u>
Other Financing Sources (Uses):				
Transfers in	-	21,810	21,810	-
Transfers out	(226,180)	(226,180)	(226,180)	-
Total Other Financing Sources (Uses)	<u>(226,180)</u>	<u>(204,370)</u>	<u>(204,370)</u>	<u>-</u>
Net Change in Fund Balances	<u>(11,755)</u>	<u>(270,986)</u>	<u>(247,741)</u>	<u>23,245</u>
Fund Balances, Beginning	<u>913,309</u>	<u>913,309</u>	<u>913,309</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 901,554</u>	<u>\$ 642,323</u>	<u>\$ 665,568</u>	<u>\$ 23,245</u>

LINDON CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – NON-MAJOR
GOVERNMENTAL FUND – P.A.R.C. TAX
SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
P.A.R.C. Tax	\$ 945,000	\$ 1,000,000	\$ 1,038,237	\$ 38,237
Interest	62,000	45,000	49,795	4,795
Total Revenues	<u>1,007,000</u>	<u>1,045,000</u>	<u>1,088,032</u>	<u>43,032</u>
Expenditures:				
Parks and recreation	626,825	543,825	491,229	52,596
Capital outlay	220,000	20,000	6,106	13,894
Total Expenditures	<u>846,825</u>	<u>563,825</u>	<u>497,335</u>	<u>66,490</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>160,175</u>	<u>481,175</u>	<u>590,697</u>	<u>109,522</u>
Other Financing Sources (Uses):				
Transfers out	(392,500)	(410,000)	(410,000)	-
Total Other Financing Sources (Uses)	<u>(392,500)</u>	<u>(410,000)</u>	<u>(410,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>(232,325)</u>	<u>71,175</u>	<u>180,697</u>	<u>109,522</u>
Fund Balances, Beginning	<u>942,427</u>	<u>942,427</u>	<u>942,427</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 710,102</u>	<u>\$ 1,013,602</u>	<u>\$ 1,123,124</u>	<u>\$ 109,522</u>

LINDON CITY CORPORATION
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – NON-MAJOR
GOVERNMENTAL FUND – DEBT SERVICE FUND**
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Expenditures:				
General government	\$ 501,116	\$ 356,205	\$ 356,205	\$ -
Debt service:				
Principal	284,000	284,000	284,000	-
Interest	171,988	171,988	171,988	-
Total Expenditures	<u>957,104</u>	<u>812,193</u>	<u>812,193</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(957,104)</u>	<u>(812,193)</u>	<u>(812,193)</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers in	956,904	812,193	812,193	-
Total Other Financing Sources (Uses)	<u>956,904</u>	<u>812,193</u>	<u>812,193</u>	<u>-</u>
Net Change in Fund Balances	(200)	-	-	-
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ (200)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LINDON CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – NON-MAJOR
GOVERNMENTAL FUND – GENERAL CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Difference from Final Budget
	Original	Final		
Revenues:				
Impact Fees	\$ 100,000	\$ 382,500	\$ 414,000	\$ 31,500
Interest	107,500	104,000	107,726	3,726
Total Revenues	<u>207,500</u>	<u>486,500</u>	<u>521,726</u>	<u>35,226</u>
Expenditures:				
Current:				
Parks and recreation	-	10,000	9,884	116
Total Expenditures	<u>-</u>	<u>10,000</u>	<u>9,884</u>	<u>116</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>207,500</u>	<u>476,500</u>	<u>511,842</u>	<u>35,342</u>
Other Financing Sources (Uses):				
Transfers in	200,000	750,000	750,000	-
Transfers out	(460,000)	(460,000)	(460,000)	-
Total Other Financing Sources (Uses)	<u>(260,000)</u>	<u>290,000</u>	<u>290,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(52,500)</u>	<u>766,500</u>	<u>801,842</u>	<u>35,342</u>
Fund Balances, Beginning	<u>2,480,244</u>	<u>2,480,244</u>	<u>2,480,244</u>	<u>-</u>
Fund Balances, Ending	<u><u>\$ 2,427,744</u></u>	<u><u>\$ 3,246,744</u></u>	<u><u>\$ 3,282,086</u></u>	<u><u>\$ 35,342</u></u>

Nonmajor Enterprise Funds

Waste Collection Fund – This fund is used to account for the operations and activities related to garbage collection and disposal.

Telecommunication Fund – This fund accounts for the receivables and associated debt and the collections on those receivables for resident connections to the Utah Infrastructure Agency fiber optic network

LINDON CITY CORPORATION
**COMBINING STATEMENT OF NET POSITION – NON-MAJOR
PROPRIETARY FUNDS**
June 30, 2025

	Business-type Activities - Enterprise Funds		Total Nonmajor Proprietary Funds
	Waste Collection Fund	Telecommunications Fund	
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 174,351	\$ 3,825	\$ 178,176
Accounts receivable, net	67,085	2,890	69,975
Total Current Assets	241,436	6,715	248,151
Noncurrent Assets:			
Notes receivable	-	163,803	163,803
Capital assets, net of accumulated depreciation:			
Telecom Infrastructure	-	103,151	103,151
Total Noncurrent Assets	-	266,954	266,954
Total Assets	\$ 241,436	\$ 273,669	\$ 515,105
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 57,101	\$ -	\$ 57,101
Current portion of long-term debt	-	21,671	21,671
Total Current Liabilities	57,101	21,671	78,772
Noncurrent Liability			
Long-term debt, net of current portion	-	142,132	142,132
Total Noncurrent Liability	-	142,132	142,132
Total Liabilities	57,101	163,803	220,904
Net Position:			
Net investment in capital assets	-	103,151	103,151
Unrestricted	184,335	6,715	191,050
Total Net Position	184,335	109,866	294,201
Total Liabilities and Net Position	\$ 241,436	\$ 273,669	\$ 515,105

LINDON CITY CORPORATION
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION – NON-MAJOR PROPRIETARY FUNDS**
For the Fiscal Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds		Total Nonmajor Proprietary Funds
	Waste Collection Fund	Telecommunications Fund	
Operating Revenues:			
Service fees	\$ 780,095	\$ 34,365	\$ 814,460
Total Operating Revenues	780,095	34,365	814,460
Operating Expenses:			
Materials, supplies, and services	701,669	32,665	734,334
Depreciation expense	-	8,153	8,153
Total Operating Expenses	701,669	40,818	742,487
Operating Income (loss)	78,426	(6,453)	71,973
Nonoperating Income (Expense):			
Interest income	5,347	-	5,347
Total Nonoperating Income (Expense)	5,347	-	5,347
Income (Loss) Before Transfers	83,773	(6,453)	77,320
Transfers in (out)			
Transfers in	10,000	-	10,000
Transfers out	(29,400)	(1,700)	(31,100)
Changes in Net Position	64,373	(8,153)	56,220
Net Position, Beginning	119,962	118,019	237,981
Net Position, Ending	\$ 184,335	\$ 109,866	\$ 294,201

LINDON CITY CORPORATION
COMBINING STATEMENT OF CASH FLOWS – NON-MAJOR
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds		Total Nonmajor
	Waste Collection	Telecommunications	Proprietary
	Fund	Fund	Funds
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 777,629	\$ 34,680	\$ 812,309
Payments to suppliers	(704,140)	(32,665)	(736,805)
Net cash from operating activities	73,489	2,015	75,504
Cash Flows From Non-Capital Financing Activities:			
Payments received on note from residents	-	19,145	19,145
Principal paid on note for residential connections	-	(19,144)	(19,144)
Transfers to other funds	(19,400)	(1,700)	(21,100)
Net cash from non-capital financing activities	(19,400)	(1,699)	(21,099)
Cash Flows From Financing Activities:			
Interest income	5,347	-	5,347
Net cash from financing activities	5,347	-	5,347
Net Increase (Decrease) In Cash	59,436	316	59,752
Cash and Cash Equivalents At Beginning of Year	114,915	3,509	118,424
Cash and Cash Equivalents At End of Year	\$ 174,351	\$ 3,825	\$ 178,176

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STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Schedules
Financial Trends These schedules contain trend information to help the reader understand how Lindon City's financial performance and well-being have changed over time.	1-4
Revenue Capacity These schedules contain information to help the reader assess Lindon City's most significant local revenue sources, sales and property taxes.	5-12
Debt Capacity These schedules present information to help the reader assess the affordability of Lindon City's current level of outstanding debt and the ability to issue additional debt in the future.	13-18
Demographic and Economic Information These schedules present information to help the reader understand the environment within which Lindon City's financial activities take place.	19-20
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in Lindon City's financial report relates to the services it provides and the activities it performs.	21-23

Schedule 1
Lindon City Corporation
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 25,248,679	\$ 28,030,072	\$ 28,301,517	\$ 29,478,068	\$ 32,470,637	\$ 34,101,698	\$ 34,584,562	\$ 40,408,062	\$ 53,386,518	\$ 53,050,037
Restricted	2,707,164	1,376,659	1,845,772	2,507,631	4,080,572	6,412,599	9,760,423	10,157,631	5,898,616	6,472,162
Unrestricted	2,645,842	2,804,238	4,296,523	6,388,160	6,651,379	4,753,595	6,213,284	6,278,923	5,470,827	6,459,560
Total governmental activities net assets	30,601,685	32,210,969	34,443,812	38,373,859	43,202,588	45,267,892	50,558,269	56,844,616	64,755,961	65,981,759
Business-type activities										
Net investment in capital assets	32,657,968	35,132,617	39,912,738	40,744,306	41,407,929	43,957,015	45,384,139	52,925,396	62,525,914	65,291,580
Restricted	1,142,178	1,245,734	1,947,002	2,277,156	2,365,413	2,770,911	2,539,717	2,788,025	2,889,424	2,060,372
Unrestricted	2,913,077	2,921,651	2,084,223	2,729,142	5,312,556	9,582,600	11,695,373	14,873,950	8,390,707	8,228,489
Total business-type activities net assets	36,713,223	39,300,002	43,943,963	45,750,604	49,085,898	56,310,526	59,619,229	70,587,371	73,806,045	75,580,441
Primary government										
Net investment in capital assets	57,906,647	63,162,689	68,214,255	70,222,374	73,878,566	78,058,713	79,968,701	93,333,458	115,912,432	118,341,617
Restricted	3,849,342	2,622,393	3,792,774	4,784,787	6,445,985	9,183,510	12,300,140	12,945,656	8,788,040	8,532,534
Unrestricted	5,558,919	5,725,889	6,380,746	9,117,302	11,963,935	14,336,195	17,908,657	21,152,873	13,861,534	14,688,049
Total primary government net assets	\$ 67,314,908	\$ 71,510,971	\$ 78,387,775	\$ 84,124,463	\$ 92,288,486	\$ 101,578,418	\$ 110,177,498	\$ 127,431,987	\$ 138,562,006	\$ 141,562,200

Schedule 2
Lindon City Corporation
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 2,218,700	\$ 2,488,369	\$ 2,219,582	\$ 2,397,398	\$ 2,034,591	\$ 2,711,657	\$ 3,011,951	\$ 3,770,483	\$ 4,270,021	\$ 4,989,123
Public Safety	3,979,670	4,231,015	4,326,768	4,638,847	4,433,634	4,855,638	4,401,197	5,243,598	5,553,679	6,082,747
Streets and Highways	1,603,555	2,205,908	1,773,931	2,144,371	2,238,275	90,410	2,602,410	2,424,564	5,476,660	4,027,176
Parks and recreation	871,990	275,909	1,038,256	1,017,411	1,382,447	926,304	1,200,555	1,401,155	1,693,569	1,922,401
Interest on long-term debt	148,817	104,902	107,489	106,752	30,125	(2,036)	10,949	561,143	61,060	38,001
Total governmental activities expenses	8,822,732	9,306,103	9,466,026	10,304,779	10,119,072	8,581,973	11,227,062	13,400,943	17,054,989	17,059,448
Business-type activities:										
Water Utility	1,644,391	1,849,385	1,823,380	1,881,873	1,962,937	1,821,464	1,966,895	2,511,902	3,024,464	3,051,320
Waste Water	1,654,403	1,878,391	1,923,435	1,703,775	1,716,128	1,674,674	1,743,331	1,753,983	1,885,783	1,892,395
Storm Water	782,488	823,354	932,635	993,967	863,741	642,199	646,641	778,587	922,022	834,330
Solid Waste	406,167	430,985	451,649	488,955	529,007	553,033	576,018	640,236	668,788	701,669
Recreation	1,479,852	1,499,587	1,548,176	1,615,806	1,372,381	1,882,766	2,084,218	2,290,729	2,480,528	2,864,946
Telecommunications	55,452	56,730	51,877	59,683	59,124	56,241	49,582	45,262	43,167	40,818
Total business-type activities expenses	6,022,753	6,538,432	6,731,152	6,744,059	6,503,318	6,630,377	7,066,685	8,020,699	9,024,752	9,385,478
Total primary government expenses	\$ 14,845,485	\$ 15,844,535	\$ 16,197,178	\$ 17,048,838	\$ 16,622,390	\$ 15,212,350	\$ 18,293,747	\$ 21,421,642	\$ 26,079,741	\$ 26,444,926
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,401,679	\$ 1,231,826	\$ 1,536,810	\$ 2,380,878	\$ 1,533,520	\$ 1,868,892	\$ 1,793,246	\$ 1,630,685	\$ 1,648,495	\$ 2,032,344
Parks and recreation	82,515	53,860	50,429	75,390	103,505	146,400	117,206	119,800	146,070	385,378
Operating grants and contributions	893,566	191,151	257,748	430,964	1,806,081	1,435,664	1,623,975	1,450,156	866,684	1,080,040
Capital grants and contributions	1,895,402	2,475,644	2,476,537	1,424,309	1,582,189	1,155,208	1,004,918	5,053,795	8,391,153	1,366,642
Total governmental activities revenues	4,273,162	3,952,481	4,321,524	4,311,541	5,025,295	4,606,164	4,539,345	8,254,436	11,052,402	4,864,404
Business-type activities:										
Charges for services:										
Water Utility	1,942,822	2,054,893	2,595,887	2,875,886	3,276,904	3,625,830	3,264,175	3,642,792	3,551,454	3,864,315
Waste Water	1,461,593	1,725,118	1,898,866	1,584,197	1,661,693	1,845,515	1,852,617	2,013,195	2,190,346	2,374,172
Storm Water	582,808	686,357	799,344	922,593	1,068,280	1,129,587	1,219,271	1,298,599	1,336,186	1,372,064
Solid Waste	431,193	404,744	415,471	479,759	515,994	561,949	609,349	688,161	738,525	780,095
Recreation	536,940	673,586	735,474	692,580	591,459	857,176	911,301	1,045,767	1,156,081	1,258,321
Telecommunications	53,818	52,614	45,055	57,067	50,071	51,116	43,399	38,860	36,695	34,365
Operating grants and contributions	24,357	5,450	5,000	5,000	263,912	5,621	41,128	2,115,375	556,477	79,132
Capital grants and contributions	1,469,940	1,927,297	3,880,730	914,243	942,191	3,774,351	1,788,615	5,974,065	1,946,269	758,874
Total business-type activities revenues	6,503,471	7,530,059	10,375,827	7,531,325	8,370,504	11,851,145	9,729,855	16,816,814	11,512,033	10,521,338
Total primary government program revenues	\$ 10,776,633	\$ 11,482,540	\$ 14,697,351	\$ 11,842,866	\$ 13,395,799	\$ 16,457,309	\$ 14,269,200	\$ 25,071,250	\$ 22,564,435	\$ 15,385,742
Net (Expense)/Revenue										
Governmental activities	\$ (4,549,570)	\$ (5,353,622)	\$ (5,144,502)	\$ (5,993,238)	\$ (5,093,777)	\$ (3,975,809)	\$ (6,687,717)	\$ (5,146,507)	\$ (6,002,587)	\$ (12,195,044)
Business-type activities	480,718	991,627	3,644,675	787,266	1,867,186	5,220,768	2,663,170	8,796,115	2,487,281	1,135,860
Total primary govt net (expense)/revenue	\$ (4,068,852)	\$ (4,361,995)	\$ (1,499,827)	\$ (5,205,972)	\$ (3,226,591)	\$ 1,244,959	\$ (4,024,547)	\$ 3,649,608	\$ (3,515,306)	\$ (11,059,184)

Schedule 2
Lindon City Corporation
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

(Continued)	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,165,857	\$ 2,234,295	\$ 2,352,961	\$ 2,337,411	\$ 2,359,619	\$ 2,528,233	\$ 2,581,469	\$ 2,851,524	\$ 2,782,453	\$ 2,723,806
Sales taxes	3,611,839	3,904,527	4,242,568	4,358,567	4,677,632	5,887,791	6,912,012	6,469,642	6,794,833	7,323,253
Franchise taxes	1,625,755	1,638,562	1,606,531	1,556,705	1,622,204	1,758,247	1,882,852	2,171,712	2,183,694	2,163,516
Other taxes	497,163	545,149	595,280	610,362	654,493	837,613	994,379	894,812	944,979	1,038,237
Earnings on investments	61,268	103,850	155,500	348,714	329,157	95,233	123,341	1,128,109	1,639,161	644,745
Miscellaneous	-	3,451	244,736	134,813	86,854	-	38,877	-	539	205,485
Gain (loss) on disposal of capital assets	56,495	123,575	(3,013)	1,562,225	1,635,522	72,921	84,301	24,496	172,669	9,356
Transfers In (Out)	(856,010)	(1,590,503)	(976,300)	(985,512)	(1,442,926)	(2,004,969)	(639,137)	(2,107,441)	(604,396)	(238,121)
Total governmental activities	<u>7,162,367</u>	<u>6,962,906</u>	<u>8,218,263</u>	<u>9,923,285</u>	<u>9,922,555</u>	<u>9,175,069</u>	<u>11,978,094</u>	<u>11,432,854</u>	<u>13,913,932</u>	<u>13,870,277</u>
Business-type activities										
Earnings on investments	2,449	4,649	22,986	33,863	25,182	5,672	6,396	64,586	93,834	546,290
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	33,163	36,700
Transfers In (Out)	856,010	1,590,503	976,300	985,512	1,442,926	2,004,969	639,137	2,107,441	604,396	238,121
Total business-type activities	<u>858,459</u>	<u>1,595,152</u>	<u>999,286</u>	<u>1,019,375</u>	<u>1,468,108</u>	<u>2,010,641</u>	<u>645,533</u>	<u>2,172,027</u>	<u>731,393</u>	<u>821,111</u>
Total primary government	<u>\$ 8,020,826</u>	<u>\$ 8,558,058</u>	<u>\$ 9,217,549</u>	<u>\$ 10,942,660</u>	<u>\$ 11,390,663</u>	<u>\$ 11,185,710</u>	<u>\$ 12,623,627</u>	<u>\$ 13,604,881</u>	<u>\$ 14,645,325</u>	<u>\$ 14,691,388</u>
Change in Net Position										
Governmental activities	\$ 2,612,797	\$ 1,609,284	\$ 3,073,761	\$ 3,930,047	\$ 4,828,778	\$ 5,199,260	\$ 5,290,377	\$ 6,286,347	\$ 7,911,345	\$ 1,675,233
Business-type activities	1,339,177	2,586,779	4,643,961	1,806,641	3,335,294	7,231,409	3,308,703	10,968,142	3,218,674	1,956,971
Total primary government	<u>\$ 3,951,974</u>	<u>\$ 4,196,063</u>	<u>\$ 7,717,722</u>	<u>\$ 5,736,688</u>	<u>\$ 8,164,072</u>	<u>\$ 12,430,669</u>	<u>\$ 8,599,080</u>	<u>\$ 17,254,489</u>	<u>\$ 11,130,019</u>	<u>\$ 3,632,204</u>

Schedule 3
Lindon City Corporation
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 5,851	\$ 3,500	\$ 146,161	\$ -	\$ 1,300,000
Restricted	330,843	422,839	67,240	69,274	78,161	-	-	-	-	150,000
Assigned	490,959	-	-	-	-	-	-	-	-	-
Unassigned	2,404,141	2,093,489	2,503,966	3,241,088	3,369,336	4,346,289	5,747,108	5,781,881	6,567,798	4,793,854
Total general fund	3,229,443	2,519,828	2,574,706	3,313,862	3,450,997	4,352,140	5,750,608	5,928,042	6,567,798	6,243,854
All Other Governmental Funds										
Nonspendable	-	-	-	-	953	-	-	-	-	-
Restricted	2,376,321	953,820	1,778,532	2,438,357	4,002,411	6,412,599	6,970,090	7,917,279	4,985,306	5,670,325
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,681,822	2,128,590	3,305,191	4,949,514	5,174,035	1,810,776	2,790,333	2,240,352	2,807,097	2,389,733
Unassigned	-	-	-	-	-	-	1,117,720	680,005	-	-
Total all other governmental funds	5,058,143	3,082,410	5,083,723	7,387,871	9,177,399	8,223,375	10,878,143	10,837,636	7,792,403	8,060,058
Total governmental funds	<u>\$ 8,287,586</u>	<u>\$ 5,602,238</u>	<u>\$ 7,658,429</u>	<u>\$ 10,701,733</u>	<u>\$ 12,628,396</u>	<u>\$ 12,575,515</u>	<u>\$ 16,628,751</u>	<u>\$ 16,765,678</u>	<u>\$ 14,360,201</u>	<u>\$ 14,303,912</u>

Schedule 4
Lindon City Corporation
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$ 7,900,725	\$ 8,322,906	\$ 8,791,191	\$ 8,853,053	\$ 9,308,397	#####	\$ 12,373,303	\$ 12,373,902	\$ 12,685,123	\$ 13,239,322
Licenses, fees and permits	638,662	465,618	531,077	1,054,688	579,272	802,899	668,197	460,688	456,843	708,171
Intergovernmental	1,279,570	633,199	702,213	905,413	2,153,827	1,942,382	2,026,130	2,027,387	1,474,918	1,771,881
Charges for services	343,158	215,113	260,027	463,294	242,643	336,365	314,056	211,489	311,598	264,043
Fines and forfeitures	360,413	477,913	523,011	607,173	513,613	512,683	478,149	523,064	548,749	630,034
Impact fees	345,051	267,168	520,697	781,551	550,409	648,490	477,592	311,791	284,854	455,582
Miscellaneous revenue	203,118	235,290	679,509	824,632	723,060	455,883	609,677	1,697,141	2,137,911	1,681,408
Total revenues	<u>11,070,697</u>	<u>10,617,207</u>	<u>12,007,725</u>	<u>13,489,804</u>	<u>14,071,221</u>	<u>15,713,281</u>	<u>16,947,104</u>	<u>17,605,462</u>	<u>17,899,996</u>	<u>18,750,441</u>
Expenditures										
General government	2,171,958	2,086,646	2,274,048	2,659,875	2,335,371	2,860,710	3,172,798	3,883,486	4,265,720	4,575,473
Public Safety	3,908,473	4,516,973	4,171,033	4,759,370	4,201,121	4,694,334	4,487,430	4,485,194	6,335,186	5,507,317
Streets and public works	610,688	1,182,290	1,245,027	927,031	1,985,324	3,829,500	1,623,399	4,613,003	5,081,091	6,114,868
Parks and recreation	669,161	780,411	822,287	852,248	1,426,395	960,824	1,456,968	1,750,106	1,807,321	1,982,016
Capital outlay	1,728,490	3,236,657	1,785	60,045	43,167	914,801	1,514,641	88,471	6,926,062	6,106
Debt Service										
Principal retirement	316,303	733,098	480,337	2,797,873	821,146	1,093,489	94,669	555,279	181,369	421,819
Interest and fiscal charges	74,967	105,354	107,959	104,435	39,811	7,186	11,588	10,051	-	215,537
Cost of issuance	62,200	-	-	-	-	-	-	-	67,774	-
Total expenditures	<u>9,542,240</u>	<u>12,641,429</u>	<u>9,102,476</u>	<u>12,160,877</u>	<u>10,852,335</u>	<u>14,360,844</u>	<u>12,361,493</u>	<u>15,385,590</u>	<u>24,664,523</u>	<u>18,823,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,528,457</u>	<u>(2,024,222)</u>	<u>2,905,249</u>	<u>1,328,927</u>	<u>3,218,886</u>	<u>1,352,437</u>	<u>4,585,611</u>	<u>2,219,872</u>	<u>(6,764,527)</u>	<u>(72,695)</u>
Other Financing Sources (Uses)										
Lease - right to use vehicles	-	-	-	-	-	-	-	-	1,038,640	-
Issuance of new debt	2,679,894	521,780	81,344	546,982	85,300	736,200	-	-	3,579,000	-
Sale of capital assets	182,749	407,597	45,898	2,152,907	65,403	572,537	106,762	-	295,723	9,356
Transfers in	2,280,747	2,569,232	2,558,371	3,957,022	2,229,952	2,494,182	3,678,268	3,110,014	2,707,042	4,304,512
Transfers out	(3,136,757)	(4,159,735)	(3,534,671)	(4,942,534)	(3,672,878)	(4,499,151)	(4,317,405)	(5,217,455)	(3,261,346)	(4,542,633)
Grants and contributions	-	-	-	-	-	-	-	24,496	-	-
Total other financing sources (uses)	<u>2,006,633</u>	<u>(661,126)</u>	<u>(849,058)</u>	<u>1,714,377</u>	<u>(1,292,223)</u>	<u>(696,232)</u>	<u>(532,375)</u>	<u>(2,082,945)</u>	<u>4,359,059</u>	<u>(228,765)</u>
Net change in fund balances	<u>\$ 3,535,090</u>	<u>\$(2,685,348)</u>	<u>\$ 2,056,191</u>	<u>\$ 3,043,304</u>	<u>\$ 1,926,663</u>	<u>\$ 656,205</u>	<u>\$ 4,053,236</u>	<u>\$ 136,927</u>	<u>\$(2,405,468)</u>	<u>\$ (301,460)</u>
Ratio of total debt service to noncapital expenditures	6.0%	12.8%	8.8%	26.6%	10.2%	13.5%	1.1%	4.7%	1.3%	4.5%

Schedule 5
Lindon City Corporation
Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property Tax	General Sales & Use Tax	Franchise Tax	Total Taxes
2016	3,050,812	4,109,422	1,625,446	\$ 8,785,681
2017	2,415,598	4,450,674	1,637,937	\$ 8,504,209
2018	2,558,073	4,839,409	1,605,530	\$ 9,003,012
2019	2,587,929	4,970,220	1,556,259	\$ 9,114,408
2020	2,585,020	5,767,919	1,621,997	\$ 9,974,935
2021	2,586,685	7,275,277	1,758,182	\$ 11,620,143
2022	2,662,134	8,555,905	1,882,852	\$ 13,100,891
2023	2,832,326	7,978,406	2,171,712	\$ 12,982,444
2024	2,755,999	8,524,243	2,183,695	\$ 13,463,937
2025	2,708,552	9,371,542	2,163,515	\$ 14,243,609

Growth

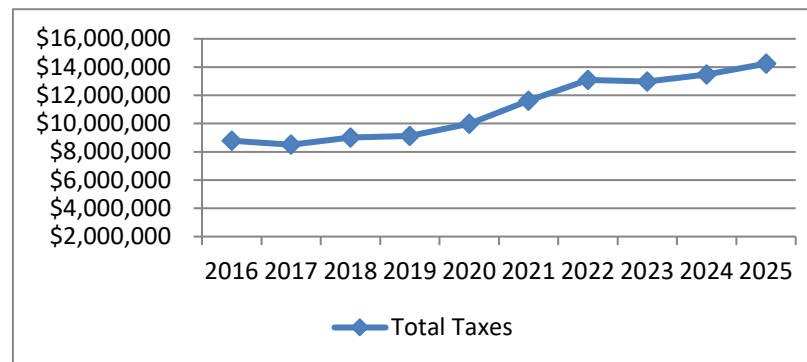
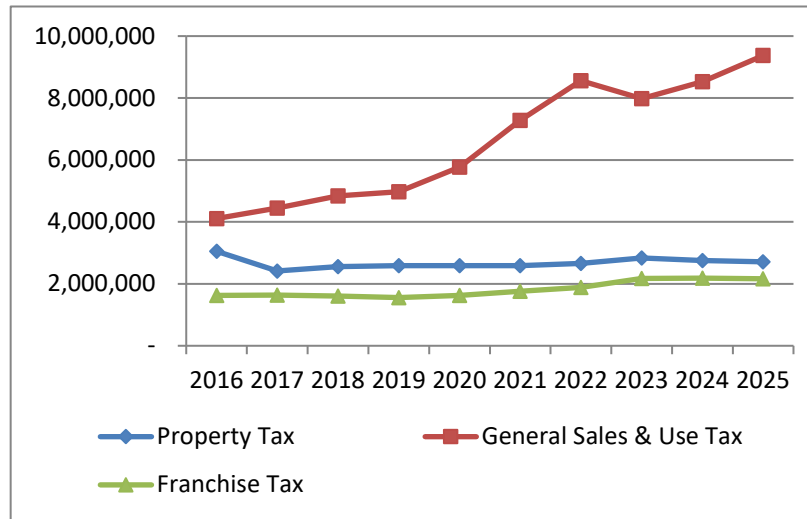
2016-2025

-11.2%

128.1%

33.1%

62.1%



Schedule 6
Lindon City Corporation
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Fiscal Year	Lindon City		Overlapping Rates			Total
	Direct Sales Tax Rate ^{(1) (2)}	PARC Tax Rate ⁽³⁾	State of Utah	Utah County	Mass Transit	
2016	1.0%	0.1%	4.70%	0.25%	0.80%	6.85%
2017	1.0%	0.1%	4.70%	0.25%	0.80%	6.85%
2018	1.0%	0.1%	4.70%	0.25%	0.80%	6.85%
2019	1.0%	0.1%	4.85%	0.25%	1.05%	7.25%
2020	1.0%	0.1%	4.85%	0.25%	1.05%	7.25%
2021	1.0%	0.1%	4.85%	0.25%	1.05%	7.25%
2022	1.0%	0.1%	4.85%	0.25%	1.05%	7.25%
2023	1.0%	0.1%	4.85%	0.25%	1.05%	7.25%
2024	1.0%	0.1%	4.85%	0.25%	1.25%	7.45%
2025	1.0%	0.1%	4.85%	0.25%	1.25%	7.45%

Source: Utah State Tax Commission

Note: Overlapping rates are those of other governments and agencies that apply to taxable sales within the City.

⁽¹⁾ Of the City direct sales tax assessed by municipalities within the state, 50 percent is distributed by the State of Utah based on point of sale and 50 percent is pooled and distributed to municipalities based on population. Because Lindon has a high sales tax base, but a relatively lower population, Lindon City actually receives less than 1% of the sales tax assessed locally.

⁽²⁾ The State of Utah determines the City's direct sales tax rate. The Utah State Tax Commission collects and distributes sales tax.

⁽³⁾ Voters approved a 0.1% Park, Arts, Recreation and Cultural (PARC) Tax on November 5, 2013 that went into effect on April, 1, 2014 for 10 years. Voters again approved the tax on November 21, 2023 for another 10 years.

Schedule 7
Lindon City Corporation
Direct Taxable Sales by Category
Last Ten Years

Fiscal Year	Category					City Direct Sales Tax Rate ⁽¹⁾
	Retail	Services	Manufacturing & Construction	Other	Total	
2016	324,193,529	113,830,281	43,740,546	62,012,789	\$ 543,777,145	1%
2017	383,722,565	99,735,831	36,438,104	63,178,993	\$ 583,075,493	1%
2018	423,457,234	88,213,935	44,289,717	89,807,325	\$ 645,768,211	1%
2019	444,224,756	76,370,571	50,595,312	87,720,386	\$ 658,911,025	1%
2020	413,409,888	83,743,335	40,904,986	63,035,376	\$ 601,093,585	1%
2021	632,284,146	133,334,238	57,745,816	91,678,964	\$ 915,043,164	1%
2022	750,516,395	153,032,861	63,542,895	111,260,939	\$ 1,078,353,090	1%
2023	676,825,285	154,278,103	73,517,072	79,221,335	\$ 983,841,795	1%
2024	661,368,882	174,302,633	81,917,566	114,648,677	\$ 1,032,237,758	1%
2025	735,294,984	209,369,872	84,994,763	95,290,463	\$ 1,124,950,082	1%

Source: Utah State Tax Commission

⁽¹⁾ Of the City direct sales tax assessed by municipalities within the state, 50 percent is distributed by the State of Utah based on point of sale and 50 percent is pooled and distributed to municipalities based on population. Because Lindon has a high sales tax base, but a relatively lower population, Lindon City actually receives less than 1% of the sales tax assessed locally. Lindon City's actual sales tax collection is illustrated below. See Schedule 23 for information on Lindon's population.

Schedule 8
Lindon City Corporation
Principal Sales Tax Payers
Current Year and Nine Years Ago

Taxpayer	2025			2016		
	Sales Tax⁽¹⁾	Rank	% of Total Sales Tax⁽¹⁾	Sales Tax⁽¹⁾	Rank	% of Total Sales Tax⁽¹⁾
Walmart Supercenter	N/A	1	N/A	N/A	1	N/A
Murdock Hyundai	N/A	2	N/A	N/A	3	N/A
Home Depot	N/A	3	N/A	N/A	2	N/A
Doug Smith KIA	N/A	4	N/A	-		-
Sunpro Corp	N/A	5	N/A	-		-
DoTerra	N/A	6	N/A	-		-
Wheeler Machinery	N/A	7	N/A	N/A	9	N/A
Larry H Miller Lexus of Lindon	N/A	8	N/A	N/A	8	N/A
Burton Lumber & Hardware	N/A	9	N/A	N/A	7	N/A
Genesis of Lindon	N/A	10	N/A	-		-
Mercedes Benz of Lindon	-		-	N/A	4	N/A
Sunroc Building Materials	-		-	N/A	5	N/A
Stock Building Supply West	-		-	N/A	6	N/A
Siemens Energy	-		-	N/A	10	N/A
Total	\$ 3,450,417		47.97%	\$ 1,844,220		51.06%

Source: Utah State Tax Commission

⁽¹⁾ Sales tax information is considered proprietary and cannot be shown by individual payer, so the group is shown in the aggregate.

Schedule 9
Lindon City Corporation
Direct and Overlapping Property Tax Rates
Last Ten Calendar Years
Per \$1000 of assessed value

Calendar Year ⁽¹⁾	Lindon City ⁽²⁾			Alpine School District	Utah County	Central Utah Water Conservancy District	Other	Total for District 80 ⁽³⁾	Northern Utah County Water Conservancy District	Total for District 85 ⁽³⁾
	General Fund	Debt Svc Fund	Total							
2015	1.741	-	1.741	8.177	0.870	0.405	0.000	11.193	0.024	11.217
2016	1.630	-	1.630	7.718	1.038	0.400	0.011	10.797	0.023	10.820
2017	1.451	-	1.451	7.167	0.959	0.400	0.010	9.987	0.021	10.008
2018	1.392	-	1.392	7.033	0.902	0.400	0.009	9.736	0.019	9.755
2019	1.241	-	1.241	6.699	0.830	0.400	0.009	9.179	0.017	9.196
2020	1.174	-	1.174	6.800	1.190	0.400	0.012	9.576	0.016	9.592
2021	1.116	-	1.116	6.904	0.995	0.400	0.012	9.427	0.015	9.442
2022	0.907	-	0.907	5.724	0.772	0.400	0.015	7.818	0.012	7.830
2023	0.853	-	0.853	5.518	0.766	0.400	0.015	7.552	0.012	7.564
2024	0.821	-	0.821	6.115	0.761	0.400	0.015	8.112	0.012	8.124

Source: Utah County Treasurer

Note: Overlapping property tax rates are those of other governments and agencies that apply to property owners within the City. Property taxes are assessed, collected and distributed to the appropriate entities by Utah County on a calendar year basis rather than a July 1 to June 30 fiscal year. Property taxes are due in November each year. Property taxes assessed for calendar year 2022 are collected by Utah County and distributed to Lindon City in the 2022-2023 fiscal year.

⁽¹⁾ Assessed values are reported by Utah County on a calendar year basis rather than a July 1 to June 30 fiscal year.

⁽²⁾ The City's certified property tax rate may be increased only by a majority vote of the city council, after holding one or more truth-in-taxation public hearings.

⁽³⁾ There are two taxing districts in Lindon City. Most of the city is in District 80 with a portion of the west side in District 85, which has an additional assessment from the North Utah County Water Conservancy District.

Schedule 10

Lindon City Corporation

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Calendar Years

	Taxable Value for Calendar Year ⁽¹⁾										% of T.V.
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Real Property											
Primary residential	470,173,498	511,671,710	565,570,869	613,527,970	679,345,920	748,061,215	827,104,135	1,138,623,290	1,188,530,407	1,211,307,350	39.4%
Secondary residential	3,337,600	3,430,100	3,770,800	4,956,400	4,966,200	5,401,800	6,376,100	13,916,600	13,742,200	14,109,600	0.5%
Commercial and industrial	464,981,771	511,085,281	594,263,700	625,269,700	772,464,800	928,233,390	982,292,800	1,188,030,343	1,293,832,692	1,360,790,550	44.3%
Farmland Assessment Act (FAA) and agricultural	1,156,431	1,195,899	1,266,579	2,525,802	2,514,284	2,816,352	2,733,173	2,573,220	2,379,650	2,437,382	0.1%
Unimproved non FAA	85,376,530	81,478,025	93,747,355	107,745,495	105,936,745	108,723,009	129,269,429	161,116,620	145,172,702	150,478,955	4.9%
Total real property	<u>1,025,025,830</u>	<u>1,108,861,015</u>	<u>1,258,619,303</u>	<u>1,354,025,367</u>	<u>1,565,227,949</u>	<u>1,793,235,766</u>	<u>1,947,775,637</u>	<u>2,504,260,073</u>	<u>2,643,657,651</u>	<u>2,739,123,837</u>	<u>89.1%</u>
Personal Property											
Primary mobile homes	154,176	154,176	154,176	154,176	178,926	154,397	154,397	526,020	626,122	700,427	0.0%
Secondary mobile homes	-	-	-	-	-	-	-	-	-	-	0.0%
Other business	122,122,996	125,902,594	126,508,181	130,082,344	142,801,296	168,637,060	191,884,353	228,295,164	270,256,104	303,543,895	9.9%
SCME	828	-	-	-	-	125,547	93,541	720	723	723	0.0%
Total personal property	<u>122,278,000</u>	<u>126,056,770</u>	<u>126,662,357</u>	<u>130,236,520</u>	<u>142,980,222</u>	<u>168,917,004</u>	<u>192,132,291</u>	<u>228,821,904</u>	<u>270,882,949</u>	<u>304,245,045</u>	<u>9.9%</u>
Centrally Assessed	20,776,923	22,849,698	25,240,829	28,145,903	29,034,398	31,321,604	30,486,730	30,062,582	23,200,696	22,831,206	0.7%
Motor Vehicle Value	8,535,556	8,535,344	8,719,194	8,788,171	8,539,323	7,624,149	8,472,877	8,299,713	8,509,145	8,046,791	0.3%
Total Taxable Assessed Value	<u>1,176,616,309</u>	<u>1,266,302,827</u>	<u>1,419,241,683</u>	<u>1,521,195,961</u>	<u>1,745,781,892</u>	<u>2,001,098,523</u>	<u>2,178,867,535</u>	<u>2,771,444,272</u>	<u>2,946,250,441</u>	<u>3,074,246,879</u>	<u>100.0%</u>
Estimated Actual Value	1,561,429,860	1,685,069,461	1,882,107,629	2,023,299,535	2,301,756,766	2,613,274,933	2,855,715,425	3,703,475,526	3,919,196,692	4,065,889,606	
Assessed Value as a % of Actual Value	75.4%	75.1%	75.4%	75.2%	75.8%	76.6%	76.3%	74.8%	75.2%	75.6%	
Total Direct Tax Rate	0.001741	0.001630	0.001451	0.001392	0.001241	0.001174	0.001116	0.000907	0.000853	0.000821	

Source: Utah State Tax Commission - Property Tax Division

⁽¹⁾ Assessed values are reported by Utah County on a calendar year basis rather than a July 1 to June 30 fiscal year.

Notes: Utah County reassesses property in Lindon every five years, on average. The county assesses property at approximately 55% of actual value for primary residential and mobile home property and 100% of actual value for all other categories. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages.

SCME = Semiconductor Manufacturing Equipment

Schedule 11
Lindon City Corporation
Property Tax Levies and Collections
Last Ten Calendar Years

Calendar Year⁽¹⁾	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections⁽²⁾	Total Tax Collections	Percent of Total Taxes Collected
2015	2,048,423	1,868,954	91.24%	179,469	2,048,423	100.00%
2016	2,064,153	1,751,086	84.83%	313,067	2,064,153	100.00%
2017	2,069,341	1,883,128	91.00%	186,213	2,069,341	100.00%
2018	2,112,956	1,982,756	93.84%	130,200	2,112,956	100.00%
2019	2,177,508	2,059,927	94.60%	117,081	2,177,008	99.98%
2020	2,351,656	2,231,124	94.87%	119,532	2,350,656	99.96%
2021	2,433,555	2,246,481	92.31%	184,674	2,431,155	99.90%
2022	2,553,996	2,368,882	92.75%	182,114	2,550,996	99.88%
2023	2,520,521	2,376,900	94.30%	139,744	2,516,644	99.85%
2024	2,527,086	2,352,896	93.11%	-	2,352,896	93.11%

Source: Utah County Treasurer

⁽¹⁾ Assessed values are reported by Utah County on a calendar year basis rather than a July 1 to June 30 fiscal year.

⁽²⁾ Utah County Treasurer does not specify for which prior year(s) taxes are collected so they are reported in the fiscal year that the delinquent taxes are received.

Schedule 12
Lindon City Corporation
Principal Property Tax Payers
Current Year and Nine Years Ago

Property Owner	2024 CY			2015 CY		
	Rank	Assessed Valuation	Percent of Total Assessed Valuation	Rank	Assessed Valuation	Percent of Total Assessed Valuation
Mecca Holdings LLC	1	\$ 65,077,100	2.14%	1	\$ 43,045,700	3.75%
Thyme Global LLC	2	\$ 50,156,735	1.65%			
Wilson Tech 5 LLC	3	\$ 47,658,300	1.57%			
MS Business Properties Group 4 LLC	4	\$ 37,290,500	1.23%	5	\$ 10,927,300	0.95%
Stringtown Property Holdings LLC	5	\$ 37,000,000	1.22%			
WICP West Lindon LLC	6	\$ 31,507,500	1.04%			
WICP Mt Tech 3 LLC	7	\$ 31,000,000	1.02%			
WICP Mt Tech 6 LLC	8	\$ 30,327,500	1.00%			
SS Lindon LLC	9	\$ 28,306,200	0.93%			
Vantaggio AF Parkview Towns LLC	10	\$ 28,063,585	0.92%			
Stag II Lindon LLC				2	\$ 18,844,604	1.64%
Walmart Stores Inc.				3	\$ 16,200,000	1.41%
M S Industrial Properties LLC				4	\$ 15,723,700	1.37%
Shadow Mountain Industrial Properties				6	\$ 10,465,912	0.91%
Pacificorp				7	\$ 9,775,482	0.85%
BAT Investments LC				8	\$ 8,756,200	0.76%
Gateway Technology Center LLC				9	\$ 8,594,100	0.75%
HD Development of Maryland Inc.				10	\$ 8,512,000	0.74%
Total		<u>\$ 386,387,420</u>	<u>12.70%</u>		<u>\$ 150,844,998</u>	<u>13.15%</u>

Source: Utah County Clerk/Auditor

Note: Assessed values are reported by Utah County on a calendar year basis rather than a July 1 to June 30 fiscal year.

Schedule 13
Lindon City Corporation
Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year Ending	Taxable Value⁽¹⁾	Debt Limit (4%)	Total debt applicable to limit⁽²⁾	Legal debt margin	Percentage of Debt to Debt Limit
2016	1,147,303,830	\$ 45,892,153	-	\$ 45,892,153	0.00%
2017	1,234,917,785	\$ 49,396,711	-	\$ 49,396,711	0.00%
2018	1,385,281,660	\$ 55,411,266	-	\$ 55,411,266	0.00%
2019	1,484,261,887	\$ 59,370,475	-	\$ 59,370,475	0.00%
2020	1,708,208,171	\$ 68,328,327	-	\$ 68,328,327	0.00%
2021	1,962,152,770	\$ 78,486,111	-	\$ 78,486,111	0.00%
2022	2,139,907,928	\$ 85,596,317	-	\$ 85,596,317	0.00%
2023	2,733,081,977	\$ 109,323,279	-	\$ 109,323,279	0.00%
2024	2,914,540,600	\$ 116,581,624	-	\$ 116,581,624	0.00%
2025	3,043,368,882	\$ 121,734,755	-	\$ 121,734,755	0.00%

Source: Utah State Tax Commission - Property Tax Division

⁽¹⁾ Taxable values are for the calendar year ending within that fiscal year. For example, 2024FY has valuations for 2023CY.

⁽²⁾ Debt margin applies only to general obligation bonds, which Lindon City does not have.

Schedule 14
Lindon City Corporation
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Fiscal Year Ending June 30									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
General Obligation Debt	-	-	-	-	-	-	-	-	-	-
RDA Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Sales Tax Revenue Bonds	4,195,790	3,886,620	3,571,874	1,182,000	496,000	-	-	-	3,579,000	3,295,000
Notes Payable	60,000	50,000	40,000	30,000	20,000	10,000	-	-	-	-
Leases	348,496	456,347	382,101	531,083	491,237	639,948	555,279	-	857,271	719,452
Total Governmental Activities Debt	4,604,286	4,392,967	3,993,975	1,743,083	1,007,237	649,948	555,279	-	4,436,271	4,014,452
Business-Type Activities										
Water Revenue Bonds	2,907,234	2,811,931	2,746,104	2,601,049	2,542,451	2,481,965	2,419,530	2,355,083	2,288,560	2,219,896
Sewer Revenue Bonds	2,384,000	2,251,000	3,377,000	3,169,000	2,865,000	2,646,000	2,421,000	2,190,000	1,953,000	1,710,000
Storm Water Revenue Bonds	297,646	269,263	239,840	-	-	-	-	-	-	-
Aquatics Center Bonds ⁽¹⁾	8,838,495	8,467,249	8,081,006	7,687,272	7,278,538	6,876,671	6,447,937	6,009,201	5,555,467	5,086,733
Notes Payable	2,181,512	2,054,900	1,919,829	1,781,944	1,526,363	1,382,917	1,228,592	1,095,814	961,694	831,582
Leases	121,784	82,262	41,677	-	-	-	-	-	-	-
Total Business-Type Activities Debt	16,730,671	15,936,606	16,405,456	15,239,265	14,212,352	13,387,553	12,517,059	11,650,098	10,758,721	9,848,211
Total Primary Government	\$ 21,334,957	\$ 20,329,573	\$ 20,399,431	\$ 16,982,348	\$ 15,219,589	\$ 14,037,501	\$ 13,072,338	\$ 11,650,098	\$ 15,194,992	\$ 13,862,663
% of Personal Income⁽²⁾	7.78%	7.07%	7.36%	5.70%	4.81%	3.92%	3.55%	2.97%	3.62%	3.30%
Debt Per Capita⁽²⁾	\$ 1,974	\$ 1,858	\$ 1,860	\$ 1,548	\$ 1,371	\$ 1,232	\$ 1,127	\$ 995	\$ 1,298	\$ 1,181

⁽¹⁾ Presented net of unamortized premium.

⁽²⁾ See Schedule 20 for personal income and population data.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Schedule 15
Lindon City Corporation
Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

Entity⁽¹⁾	2024 Taxable Assessed Property Value	Percentage Applicable to Lindon Citizens⁽²⁾	Entity's Outstanding Governmental Activities Debt	Amount Applicable to Lindon Citizens
Overlapping Debt:				
CUWCD ⁽³⁾	\$ 329,537,585,070	0.93%	\$ 105,507,820	\$ 981,703
Alpine School District	60,634,915,653	5.06%	481,661,745	\$ 24,356,780
Subtotal, Overlapping Debt				<u>\$ 25,338,483</u>
Direct Debt ⁽⁴⁾ :	3,066,200,088	100.00%	4,014,452	\$ 4,014,452
Total Direct and Overlapping Debt				<u><u>\$ 29,352,935</u></u>

Sources: Property Tax Division of the Utah State Tax Commission and entities.

Note: 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 Lindon. 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.

⁽¹⁾ The State of Utah's general obligation debt is not included in overlapping debt because the State does not currently levy property tax for payment of its general obligation bonds.

⁽²⁾ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by dividing the City's taxable assessed value by each overlapping unit's total taxable assessed value.

⁽³⁾ Central Utah Water Conservance District (CUWCD) encompasses all or a portion of seven counties in Utah.

Schedule 16
Lindon City Corporation
Pledged-Revenue Coverage
Sales Tax Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Sales Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2016	\$ 3,611,839	\$ 604,000	\$ 298,960	\$ 902,960	4.00
2017	\$ 3,904,527	\$ 683,000	\$ 414,168	\$ 1,097,168	3.56
2018	\$ 4,242,568	\$ 705,000	\$ 393,324	\$ 1,098,324	3.86
2019 ⁽¹⁾	\$ 4,358,567	\$ 3,078,000	\$ 551,629	\$ 3,629,629	1.20
2020 ⁽²⁾	\$ 4,677,632	\$ 1,061,000	\$ 284,326	\$ 1,345,326	3.48
2021 ⁽³⁾	\$ 5,887,791	\$ 881,000	\$ 258,961	\$ 1,139,961	5.16
2022	\$ 6,912,012	\$ 395,000	\$ 240,075	\$ 635,075	10.88
2023	\$ 6,469,642	\$ 405,000	\$ 228,075	\$ 633,075	10.22
2024	\$ 6,794,833	\$ 420,000	\$ 283,474	\$ 703,474	9.66
2025 ⁽⁴⁾	\$ 7,323,253	\$ 719,000	\$ 370,488	\$ 1,089,488	6.72

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ Extra principal was paid in the amount of \$2,353,000 using one-time funds.

⁽²⁾ Extra principal was paid in the amount of \$525,000 using one-time funds.

⁽³⁾ Extra principal was paid in the amount of \$333,000 using one-time funds.

⁽⁴⁾ Added debt service payments for 2023 Series Bond secured by both tax increment revenue and sales tax. The tax increment revenue used in 2025FY totalled \$200,000. Extra principal was paid in the amount of \$118,000.

Schedule 17
Lindon City Corporation
Pledged-Revenue Coverage
Water Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses⁽¹⁾	Net Revenue Available	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2016	1,942,822	\$ 1,216,128	\$ 726,694	\$ 81,688	\$ 93,869	\$ 175,557	4.14
2017	2,054,893	\$ 1,400,021	\$ 654,872	\$ 84,854	\$ 90,703	\$ 175,557	3.73
2018	2,595,887	\$ 1,340,186	\$ 1,255,701	\$ 54,997	\$ 87,407	\$ 142,404	8.82
2019	2,875,886	\$ 1,359,147	\$ 1,516,739	\$ 56,769	\$ 85,635	\$ 142,404	10.65
2020	3,276,904	\$ 1,456,663	\$ 1,820,241	\$ 58,598	\$ 83,806	\$ 142,404	12.78
2021	3,625,830	\$ 1,259,118	\$ 2,366,712	\$ 60,486	\$ 81,918	\$ 142,404	16.62
2022	3,264,175	\$ 1,365,726	\$ 1,898,449	\$ 62,435	\$ 79,969	\$ 142,404	13.33
2023	3,642,792	\$ 1,842,061	\$ 1,800,731	\$ 64,447	\$ 77,957	\$ 142,404	12.65
2024	3,551,454	\$ 2,287,115	\$ 1,264,339	\$ 66,523	\$ 75,881	\$ 142,404	8.88
2025	3,864,315	\$ 2,542,491	\$ 1,321,824	\$ 68,667	\$ 73,737	\$ 142,404	9.28

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ Total operating expenses exclusive of depreciation.

Schedule 18
Lindon City Corporation
Pledged-Revenue Coverage
Sewer Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses⁽¹⁾	Net Revenue Available	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2016	\$ 1,461,593	\$ 1,117,881	\$ 343,712	\$130,000	\$ 62,850	\$ 192,850	1.78
2017	\$ 1,725,118	\$ 1,322,869	\$ 402,249	\$133,000	\$ 59,600	\$ 192,600	2.09
2018	\$ 1,898,866	\$ 1,305,491	\$ 593,375	\$136,000	\$ 56,275	\$ 192,275	3.09
2019	\$ 1,584,197	\$ 1,053,330	\$ 530,867	\$140,000	\$ 52,875	\$ 192,875	2.75
2020	\$ 1,661,693	\$ 1,062,771	\$ 598,922	\$143,000	\$ 49,375	\$ 192,375	3.11
2021	\$ 1,845,515	\$ 960,721	\$ 884,794	\$147,000	\$ 45,800	\$ 192,800	4.59
2022	\$ 1,852,617	\$ 1,044,668	\$ 807,949	\$150,000	\$ 42,125	\$ 192,125	4.21
2023	\$ 2,013,195	\$ 1,026,693	\$ 986,502	\$154,000	\$ 38,375	\$ 192,375	5.13
2024	\$ 2,190,346	\$ 1,157,618	\$ 1,032,728	\$158,000	\$ 34,525	\$ 192,525	5.36
2025	\$ 2,374,172	\$ 1,470,709	\$ 903,463	\$162,000	\$ 30,575	\$ 192,575	4.69

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ Total operating expenses exclusive of depreciation.

Schedule 19
Lindon City Corporation
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income⁽¹⁾	Per Capita Personal Income	Unemployment Rate⁽²⁾		
				Utah County	State of Utah	United States
2016	10,810	\$ 274,076,740	\$ 25,354	3.4%	4.0%	4.9%
2017	10,939	\$ 287,542,554	\$ 26,286	3.0%	3.4%	4.3%
2018	10,968	\$ 277,347,816	\$ 25,287	2.8%	3.0%	4.0%
2019	10,970	\$ 298,153,630	\$ 27,179	2.6%	2.8%	3.7%
2020	11,100	\$ 316,505,400	\$ 28,514	4.5%	5.3%	11.1%
2021	11,397	\$ 358,310,283	\$ 31,439	2.1%	2.8%	5.9%
2022	11,600	\$ 367,859,200	\$ 31,712	1.8%	2.3%	3.6%
2023	11,709	\$ 392,321,754	\$ 33,506	2.4%	2.4%	3.6%
2024	11,704	\$ 419,646,920	\$ 35,855	3.3%	3.0%	4.1%
2025	11,734	\$ 507,178,682	\$ 43,223	3.3%	3.2%	4.1%

⁽¹⁾ Estimates of total personal income are derived by multiplying per capita personal income amounts by the corresponding population.

⁽²⁾ Unemployment rates are seasonally adjusted. The rates shown are for June of the fiscal year.

Sources:

Population and Per capita personal income information provided by the U.S. Census Bureau.

Unemployment rates provided by the Utah Department of Workforce Services and U.S. Department of Labor, Bureau of Labor Statistics

Schedule 20
Lindon City Corporation
Principal Employers
Current Year and Nine Years Ago

	2024 CY			2015 CY		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Employer						
RBD Acquisition Sub, Inc.	1000 - 1499	1	5.6% - 8.4%			
Bamboo HR LLC	1000 - 1499	2	5.6% - 8.4%			
Alpine School District	1000 - 1499	3	5.6% - 8.4%	500 - 999	1	4.7% - 9.4%
Elite Manufacturing & Packaging, LLC	500 - 999	4	2.8% - 5.6%			
Awardco, Inc.	500 - 999	5	2.8% - 5.6%			
NRG Energy, Inc.	250 - 499	6	1.4% - 2.8%			
Wal-Mart Associates, Inc.	250 - 499	7	1.4% - 2.8%			
Premier Family Medical, LLC	250 - 499	8	1.4% - 2.8%			
IMS Masonry, Inc.	250 - 499	9	1.4% - 2.8%	100 - 249	4	0.9% - 2.3%
Universal Industrial Sales, Inc.	100 - 249	10	0.6% - 1.4%			
Nudge LLC				250 - 499	2	2.3% - 4.7%
Teleperformance USA				100 - 249	3	0.9% - 2.3%
Home Depot				100 - 249	5	0.9% - 2.3%
Boostability				100 - 249	6	0.9% - 2.3%
Mountain State Steel				100 - 249	7	0.9% - 2.3%
Hansen/All Season Insulations				100 - 249	8	0.9% - 2.3%
Nicolson Construction Inc				100 - 249	9	0.9% - 2.3%
Cascade Stucco and Exteriors				100 - 249	10	0.9% - 2.3%
Average Employment in Lindon City	<u>17,900</u>			<u>10,668</u>		

Source: Utah Department of Workforce Services

Note: The employment numbers are given for the calendar year which ends within the fiscal year.

Schedule 21
Lindon City Corporation
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	17	18	20	21.5	21.5	21.5	24.5	27	26.5	26
Public safety	18.5	18.5	18.5	19.5	19.5	19.5	20	20	21.5	21.5
Highways and streets	2	2	2	2	2	2	2	2	2	2
Park, recreation and culture	74	75.5	75	73	77	84	86.5	86.5	86.5	87
Water	3	4	4	4	4	4	4	4	5	5
Sewer	2	3	3	3	3	3	3	3	3	3
Storm Water Drainage	2	2	2	2	2	2	2	2	3	3
Total	<u>118.5</u>	<u>123</u>	<u>124.5</u>	<u>125</u>	<u>129</u>	<u>136</u>	<u>142</u>	<u>144.5</u>	<u>147.5</u>	<u>147.5</u>

Schedule 22
Lindon City Corporation
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Community development										
Residential building permits issued	221	204	257	240	277	319	321	257	262	543
Commercial building permits issued	70	53	48	66	82	79	94	78	68	94
Court										
Traffic and Misdemeanor cases handled	1,923	2,423	2,677	3,291	3,149	2,840	2,305	2,640	2,808	3,110
Police										
Calls for service	5,285	10,897	7,818	10,993	9,725	9,831	9,396	8,985	9,966	10,573
Offenses	6,510	1,257	6,757	1,040	1,009	981	809	950	839	874
Arrests	775	764	563	635	585	602	480	541	514	550
Traffic Accidents	371	363	334	352	310	318	337	358	353	351
Recreation										
Recreation programs	6	5	5	5	4	5	5	5	5	5
Number of participants	1,564	1,698	1,525	1,395	608	1,771	2,125	2,240	2,713	2,352
Aquatics Center programs ⁽¹⁾	6	10	6	7	6	6	9	9	8	10
Number of program participants	1,404	1,372	1,475	1,103	1,230	1,325	1,803	1,407	1,087	1,927
Number of Aquatics Center admissions	39,643	63,949	76,619	65,215	67,179	57,220	78,747	75,549	83,455	93,881
Community Center programs	15	31	22	22	34	48	53	50	59	70
Number of participants	487	748	398	372	313	641	598	762	903	978
Senior Center programs	14	17	17	18	16	21	21	20	10	14
Number of participants	110	145	9,114	9,482	13,561	14,771	10,031	8,455	8,658	6,547
Cemetery										
Burials	45	33	25	39	37	49	67	57	40	36
Culinary Water										
Connections	2,923	2,986	3,050	3,187	3,313	3,350	3,476	3,550	3,621	3,679
Average daily consumption (thousands of gallons)	1,004	1,108	1,280	1,208	1,250	1,426	1,174	1,299	1,419	1,402
Sewer										
Sewer lines miles inspected	5.0	5.0	4.0	4.0	9.0	87.2	51.0	6.1	7.4	3.3
Storm Drain										
Street Sweeping (miles)	N/A	N/A	N/A	133	234	326	228	130	315	249

⁽¹⁾ The pool season (May-Sep) goes across fiscal years, but the statistics are reported here in the fiscal year that the pool closes for the season. For example, statistics for the May-Sep, 2022 pool season are reported in the 2023 fiscal year.

Schedule 23
Lindon City Corporation
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Streets and Highways										
Street lights, maintained by City	258	286	286	337	350	375	484	493	498	503
Street miles	54	54.3	54.4	55.0	55.6	56.2	61	62.1	63.2	64
Cemetery										
Acres	3	3	3	3	3	3	3	3	3	3
Gravesites	2,952	2,952	2,952	2,952	2,952	3,046	3,046	3,046	3,046	3,046
Public works										
Incorporated area in square miles	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
City Center in square feet	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Parks and recreation										
Community Center in square feet	19,850	19,850	19,850	19,850	19,850	19,850	19,850	19,850	19,850	19,850
Park acreage	58	58	58	58	58	58	58	67	67	67
Park pavilions										
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer fields	5	5	5	5	5	5	5	7	7	7
Tennis/pickleball courts	0	0	0	7	7	9	9	13	13	13
Trails (miles)										
Culinary water										
Water main line miles	80	85	86	87	88	89	90	91	92	93
Storage capacity (millions of gallons)	3.83	3.83	3.83	3.83	3.83	3.83	3.83	3.83	3.83	3.83
Secondary water										
Secondary water main line miles	49	49	49	51	51.6	52.2	52.9	53.5	54.1	55.0
Sewer										
Sewer line miles	71	75	75	79	83	84	85	86	87	88
Storm Drain										
Pipe Lines (miles)	47	47	48	49	49	49	50	50.5	51	51.5

**LINDON CITY CORPORATION
LINDON CITY, UTAH**

SUPPLEMENTARY REPORTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**LINDON CITY CORPORATION
SUPPLEMENTARY REPORTS
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GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and
Members of the City Council
Lindon City
Lindon, 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 Lindon City (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 6, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lindon 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control which 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 financial statements are free of material misstatements, 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 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 instance 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert & Stewart

GILBERT & STEWART, CPA PC
Provo, Utah
March 6, 2026



GILBERT & STEWART

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE*

Honorable Mayor and Members of the City Council
City of Lindon
Lindon, Utah

REPORT ON COMPLIANCE

We have audited the City of Lindon' ("the City") compliance with the applicable state requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor for the year ended June 30, 2025.

State compliance requirements were tested for the year ended June 30, 2025 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Restricted Taxes and Related Revenues
- Fraud Risk Assessment
- Government Fees
- Cash Management
- Enterprise Fund Transfers
- Impact Fees
- Crime Insurance for Public Treasurers

Opinion on Compliance

In our opinion, the City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide), issued by the Office of the Utah State Auditor. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control

over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

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 Guide. Accordingly, this report is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
Provo, UT
March 6, 2026

APPENDIX B
FORM OF GENERAL INDENTURE

GENERAL INDENTURE OF TRUST

Dated as of November 1, 2026

between

LINDON CITY, UTAH

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Relating to

LINDON CITY, UTAH
WATER REVENUE BONDS

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THIS GENERAL INDENTURE OF TRUST, dated as of November 1, 2026, by and between LINDON CITY, UTAH (the “Issuer”), a political subdivision and body politic duly organized and existing under the Constitution and laws of the State of Utah, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, 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 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 improvements and additions to its water system (the “System”), including, but not limited to additions, extensions, buildings and other improvements to house and operate said facilities, to refund and retire existing obligations, to fund debt service reserves, and to pay issuance expenses to be incurred in connection with the issuance and sale of the Bonds herein authorized and defined; and

WHEREAS, the Issuer anticipates that the Revenues, after payment of Operation and Maintenance Expenses (the “Net Revenues”) will be sufficient to pay debt service on the Bonds issued hereunder; and

WHEREAS, the Net Revenues will not be pledged or hypothecated in any manner or for any purpose at the time of the issuance of the Initial Bonds (as herein defined) and the Issuer desires to pledge said Net Revenues toward the payment of the principal and interest on said Bonds; and

WHEREAS, pursuant to the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and/or the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, the Issuer is authorized to issue its bonds payable from a special fund into which the Net Revenues of the Issuer may be pledged;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

For and in consideration of the premises, the mutual covenants of the Issuer and the Trustee, the purchase from time to time of the Bonds by the Registered Owners thereof, the issuance by the 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 Security Instrument Repayment Obligations according to their tenor and effect and of all Reserve Instrument Repayment Obligations according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein, in the Bonds, 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 Net Revenues, (ii) all moneys in funds and accounts held by the Trustee hereunder (except the Rebate Fund), and (iii) all other rights hereinafter granted, first, for the further securing of the Bonds and 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 and any Supplemental 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 Repayment Obligation over any other by reason of time of issuance, sale, delivery, 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 Net Revenues are to be held and disposed, which said trusts and conditions the Trustee hereby accepts, are as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. As used in this Indenture, the following terms shall have the following meanings unless the context otherwise clearly indicates:

“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.

“Acquisition/Construction Fund” means the Lindon City, Utah, Water Revenue Acquisition/Construction Fund created in Section 3.1 hereof to be held by the Trustee and administered pursuant to Section 5.1 hereof.

“Act” means the Local Government Bonding Act, Title 11, Chapter 14, Utah Code 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 Rebatable 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.

“Authorized Representative” means the Mayor, City Recorder, City Administrator, Finance Director, or any other officer of the Issuer so designated in writing by an Authorized Representative of the Issuer to the Trustee.

“Average Aggregate Annual Debt Service” 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.

“Balloon Bonds” means, unless otherwise provided in the related Supplemental Indenture, Bonds (and/or Security Instrument Repayment Obligations relating thereto), other than Bonds which mature within one year of the date of issuance thereof, 25% or more of the Principal Installments on which (a) are due, or (b) at the option of the Owner thereof may be redeemed, during any period of twelve consecutive months; provided, however, that to constitute Balloon Bonds, the Issuer must so designate such Bonds.

“Bond Fund” means the Lindon City, Utah, Water Revenue Bond Fund created in Section 3.3 hereof to be held by the Trustee and administered pursuant to Section 5.3 hereof.

“Bond Fund Year” means the 12-month period beginning July 1 of each year and ending on the next succeeding June 30, except that the first Bond Fund Year shall begin on the date of delivery of the 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 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 and any deputy to the City Recorder 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.

“Corporate Trust Office” means the designated corporate trust office of the Trustee at which, at any particular time, its corporate trust business shall be administered, which at the date of execution of this Indenture is that specified in Section 11.4 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, fees of financial rating services and 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);

(5) amortization of Balloon Bonds may be assumed on a level debt service basis over a twenty-year period at the interest rate based on the Revenue Bond Index as last published in *The Bond Buyer*, provided that the full amount of Balloon Bonds shall be included in the calculation if the calculation is made within twelve (12) months of the actual maturity of such Balloon Bonds and no credit facility exists;

and further provided, that there shall be excluded from Debt Service (a) 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, (b) 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, (c) 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 and (d) all interest on Bonds to the extent of Direct Payments attributable to Debt Service on Outstanding Bonds or Additional Bonds proposed to be issued.

“Debt Service Reserve Fund” means the Lindon City, Utah, Water Revenue Debt Service Reserve Fund created in Section 3.5 hereof to be held by the Trustee and administered pursuant to Section 5.5 hereof.

“Debt Service Reserve Requirement” means with respect to each Series of Bonds issued pursuant to this Indenture, unless otherwise provided in the related Supplemental Indenture, an amount equal to the least of (i) 10% of the proceeds of such Series of Bonds determined on the basis of original principal amount (unless original issue premium or original issue discount exceeds 2% of original principal, then determined on the basis of initial purchase price to the public), (ii) the maximum annual Debt Service during any Bond Fund Year for such Series of Bonds, and (iii) 125% of the average annual Debt Service for such Series of Bonds; provided, however, that in the event any Series of Additional Bonds is issued to refund only a portion and not all of the then Outstanding Bonds of any other Series of Bonds issued pursuant to the Indenture, then the portion of such Series of Bonds that remain Outstanding immediately after the issuance of such Additional Bonds and the portion of such Additional Bonds that is allocable to the refunding of such Series of Bonds may be combined and treated as a single Series for purpose of determining the Debt Service Reserve Requirement relating to such combined Series and the resulting requirement shall be allocated among the two Series pro rata based upon the total principal amount remaining Outstanding for each Series. The Debt Service Reserve Requirement may be funded by proceeds from the sale of such Series of Bonds, by a Reserve Instrument as herein provided or, if provided in the related Supplemental Indenture, may be accumulated over time. Each Account of the Debt Service Reserve Fund shall only be used with respect to the related Series of Bonds.

“Direct Obligations” means noncallable Government Obligations.

“Direct Payments” means the interest subsidy payments received by the Issuer from the Internal Revenue Service pursuant to Section 6431 of the Code or other substantially similar programs with respect to Bonds issued hereunder.

“Direct Payment Bonds” means the interest subsidy bonds issuable by the Issuer under Sections 54AA and 6431 of the Code and a “qualified bond” under Section 54AA(g)(2) of the Code or such other tax credit bonds of substantially similar nature which may be hereafter authorized.

“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 Council 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 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 Lindon City, Utah, and its successors.

“Mayor” means the Mayor of the Issuer and any deputy to the Mayor or any successor to the duties of such office.

“Moody’s” means Moody’s Investors Service, Inc.

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

“Operation and Maintenance Expenses” means all expenses reasonably incurred in connection with the operation and maintenance of the System, whether incurred by the Issuer or paid to any other entity pursuant to contract or otherwise, repairs and renewals (other than capital improvements) necessary to keep the System in efficient operating condition, including costs for water, cost of audits hereinafter required, payment of promotional and marketing expenses and real estate brokerage fees, payment of premiums for the insurance hereinafter required, Administrative Costs and, generally all expenses, exclusive of depreciation (including depreciation related expenses of any joint venture) and any in-lieu of tax transfers to Issuer funds, interest expense for interfund loans from Issuer funds, and reimbursement to the Issuer for general overhead and administration of the Issuer, which under generally accepted accounting practices are properly allocable to operation and maintenance; however, only such expenses as are

reasonably and properly necessary to the efficient operation and maintenance of the System shall be included.

“Other Available Funds” means for any year the amount available throughout the applicable year for transfer from the Rate Stabilization Fund to the Revenue Fund, as designated by the Issuer.

“Outstanding” or “Bonds Outstanding” means at any date all Bonds which have not been canceled and 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.

“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 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 renovation of the System, or the acquisition of improvements and equipment (with an expected life beyond a current fiscal year) for use in the System.

“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 Bond and designating it as a “Put Bond.”

“Qualified Engineer” means any registered or licensed engineer or architect or firm of such engineers and/or architects generally recognized to be qualified in engineering matters relating to construction and maintenance of municipal water systems. “Qualified Engineer” may include any registered or licensed engineer employed by the Issuer.

“Qualified Investments” means any of the following securities:

(a) Government Obligations;

(b) Obligations of any of the following federal agencies which obligations represent full faith and credit obligations of the United States of America including: the Export-Import Bank of the United States; the Government National Mortgage Association; 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, including investment contracts permitted by Section 51-7-17(2)(d) thereof.

“Rate Stabilization Fund” means the Rate Stabilization Fund of the Issuer to be held by the Issuer and administered pursuant to Section 5.12 hereof.

“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 any 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 (i) the interest thereon is intended to be excludable from gross income for federal income tax purposes or (ii) Direct Payments are applicable, 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 (i) the interest thereon is intended to be excludable from gross income for federal income tax purposes or (ii) Direct Payments are applicable, 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 Lindon City, Utah, Water Revenue Rebate Fund created in Section 3.8 hereof to be held by the Trustee and administered pursuant to Section 5.8 hereof.

“Registrar” means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the registrar for the Bonds pursuant to Sections 2.6, 6.5 and 11.5 hereof, and any additional or successor registrar appointed pursuant hereto.

“Regular Record Date” means unless otherwise provided by Supplemental Indenture for a Series of Bonds, the fifteenth day of the month immediately preceding each Interest Payment Date.

“Regulations” and all references thereto shall mean and include applicable final, proposed and temporary United States Treasury Regulations promulgated with respect to Sections 103 and 141 through 150 of the Code, including all amendments thereto made hereafter.

“Remarketing Agent” means a remarketing agent or commercial paper dealer appointed by the Issuer pursuant to a Supplemental Indenture.

“Repair and Replacement Fund” means the Lindon City, Utah, Water Revenue Repair and Replacement Fund created in Section 3.7 hereof to be held by the Issuer and administered pursuant to Section 5.7 hereof.

“Repair and Replacement Reserve Requirement” means the amount or amounts from time to time required under each Supplemental Indenture to be on deposit in the Repair and Replacement Fund.

“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 Lindon City, Utah, Water Revenue Reserve Instrument Fund created in Section 3.6 hereof to be held by the Trustee and administered pursuant to Section 5.6 hereof.

“Reserve Instrument Limit” means, as of any date of calculation and with respect to any Reserve Instrument, the maximum aggregate amount available to be paid under such Reserve Instrument into the Debt Service Reserve Fund assuming for purposes of such calculation that the amount initially available under each Reserve Instrument has not been reduced or that the amount initially available under each Reserve Instrument has only been reduced as a result of the payment of principal of the 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 (including the Supplemental Indenture authorizing the use of such Reserve Instrument) 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 Lindon City, Utah, Water Revenue Fund created in Section 3.2 hereof to be held by the Issuer and administered pursuant to Section 5.2 hereof.

“Revenues” means all gross income and revenues of any kind, from any source whatsoever, derived from the ownership and operation of the System, including, without limitation, all fees, Direct Payments, rates, connection charges, impact fees imposed with respect to the System to the extent such impact fees may be pledged and available for the payment of the Bonds and other charges, the gross revenues of all improvements, additions, and extensions of the System hereafter constructed or acquired, and all interest earned by and profits derived from the sale of investments made with the income and revenues.

“S&P” means S&P Global Ratings.

“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.

“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 Lindon City, Utah, Water Revenue Sinking Fund Account of the Bond Fund created in Section 3.4 hereof to be held by the Trustee and administered pursuant to Section 5.4 hereof.

“Sinking Fund Installment” means the amount of money which is required to be deposited into the Sinking Fund Account in each Bond Fund Year 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 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 Swaps and Derivatives 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.

“Swap Payments” means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the Swap Counterparty by the Issuer. Swap Payments do not include any Termination Payments.

“Swap Receipts” means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable for the account of the Issuer by the Swap Counterparty. Swap Receipts do not include amounts received with respect to the early termination or modification of an Interest Rate Swap.

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

“Term Bonds” means the Bonds which shall be subject to retirement by operation of mandatory sinking fund redemptions from the Sinking Fund Account.

“Termination Payments” means the amount payable to the Swap Counterparty by the Issuer with respect to the early termination or modification of an Interest Rate Swap. Termination Payments may only be payable from and secured by Net Revenues after payment of all amounts then due pursuant to the Indenture.

“Trustee” means U.S. Bank Trust Company, National Association, 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.

“Year” means any twelve consecutive month period.

Section 1.2 Indenture to Constitute Contract. In consideration of the purchase and acceptance from time to time of any and all of the Bonds authorized to be issued hereunder by the Registered Owners thereof, the issuance from time to time of any and all Security Instruments by 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, delivery, 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 “[Taxable] Water Revenue [Refunding] Bonds, Series _____,” 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 located in the United States 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 will 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 or as provided in Section 2.6 hereof at the 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 Net Revenues (except to the extent paid out of moneys attributable to the Bond proceeds or other funds created hereunder and held by the Trustee (except the Rebate Fund) or the income from the temporary investment thereof) and Other Available Funds. The Bonds shall be a valid claim of the Registered Owners thereof only against the Net Revenues and other moneys in funds and accounts held by the Trustee hereunder (except the Rebate Fund) and the Issuer hereby pledges and assigns the same for the equal and ratable payment of the Bonds and all Repayment Obligations, and the Net Revenues shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds 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 taxation therefor or to make any appropriation for their payment.

The provisions of this Section 2.3 relating to the execution of Bonds may be changed as they apply to the Bonds of any Series by the Supplemental Indenture authorizing such Series of Bonds.

Section 2.4 Authentication and Delivery of Bonds.

(a) The Issuer shall deliver executed Bonds of each Series to the Trustee for authentication. Subject to the satisfaction of the conditions for authentication of Bonds set forth herein, the Trustee shall authenticate such Bonds, and deliver them upon the order of the Issuer to the purchasers thereof (or hold them on their behalf) upon the payment by the purchasers to the Trustee for the account of the Issuer of the purchase price therefor. Delivery by the Trustee shall be full acquittal to the purchasers for the purchase price of such Bonds, and such purchasers shall be under no obligation to see to the application thereof. The proceeds of the sale of such Bonds shall, however, be disposed of only as provided herein and in the 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, duly certified by the City Recorder, of this Indenture (to the extent not theretofore so filed) and the Supplemental Indenture authorizing such Series of Bonds.

(ii) A copy, certified by the City Recorder, of the proceedings of the Issuer's Governing Body approving the execution and delivery of the instruments specified in Section 2.4(c)(i) herein and the execution and delivery of such Series of Bonds, together with a certificate, dated as of the date of authentication of such Series of Bonds, of the City Recorder that such proceedings are still in force and effect without amendments except as shown in such proceedings.

(iii) A request and authorization to the Trustee of the Issuer to authenticate such Series of Bonds in the aggregate principal amount therein specified and deliver them to purchasers therein identified upon payment to the Trustee, for account of the Issuer, of the sum specified therein.

(iv) An opinion of bond counsel dated the date of authentication of such Series of Bonds to the effect that (a) the Issuer has authorized the execution and delivery of this Indenture and this Indenture has been duly executed and delivered by the Issuer and is a valid and binding obligation of the Issuer; (b) this Indenture creates the valid pledge which it purports to create of the Net Revenues; and (c) the Bonds of such Series are valid and binding special 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 (or may substitute one Security Instrument for another) with respect to any Series of Bonds and the execution and delivery of any Security Instrument Agreements deemed necessary in connection therewith.

(e) 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.

(f) 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.

(g) 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.

(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.

(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.

(h) The Issuer may provide for the execution of an Interest Rate Swap in connection with any Series of Bonds issued hereunder if so provided in the Supplemental Indenture. The obligation of the Issuer to pay Swap Payments may be secured with (a) a lien on the Net Revenues on a parity with the lien thereon of Debt Service on the related Bonds (as more fully described in [Section 5.2] herein) and may be net of Swap Receipts or (b) a subordinate lien on the Net Revenues and may be net of Swap Receipts. Such

obligations may also be secured by other legally available moneys of the Issuer, all as established in the Supplemental Indenture for the related Series of Bonds. Termination Payments may only be payable from and secured by Net Revenues after payment of all amounts then due pursuant to the Indenture.

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, or an affidavit of an officer of the Bondholder attesting to such loss, theft or destruction, 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 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 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 hereof, to be redeemed shall be selected by the Trustee randomly 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, simultaneous with the mailed notice to Registered Owners, to the Municipal Securities Rulemaking Board and 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. Such further notice shall contain the information required in clause (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 five years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall, to the extent

permitted by law, repay to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Registered Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money. The provisions of this Section 2.11 are subject to the provisions of Title 67, Chapter 4a, Utah Code.

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 Net 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 Net 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 Net Revenues plus Other Available Funds for any Year, less any Direct Payments, 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 125% of the sum of the Aggregate Annual Debt Service Requirement on all Bonds Outstanding for said Year; provided, however, that such Net Revenue coverage test set forth above in this Subsection (b) 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) In the case of Additional Bonds issued to finance a Project, the Issuer shall have delivered to the Trustee a certificate from an Authorized Representative:

(i) setting forth the Estimated Net Revenues as herein described (assuming, if applicable, the completion of the Project, or any portion thereof, financed with proceeds of the Additional Bonds) either:

(A) for each of the two Bond Fund Years succeeding the latest estimated date of completion of the Project, or any portion thereof, if proceeds of the Additional Bonds are used to fund interest during the construction period, or

(B) if (A) is not the case, for the then current Bond Fund Year and each succeeding Bond Fund Year to and including the second Bond Fund Year succeeding the latest estimated date of completion of the Project, or any portion thereof; and

(ii) verifying that the Estimated Net Revenues as shown in (i) above for each of such Bond Fund Years plus Other Available Funds are not less than 125% of the Aggregate Annual Debt Service Requirement for each of such Bond Fund Years with respect to all of the Bonds and Additional Bonds which would then be Outstanding (after taking into account any principal reductions resulting from regularly scheduled principal or sinking fund redemption payments) and the Additional Bonds so proposed to be issued.

For purposes of this Section 2.13(c), "Estimated Net Revenues" shall be determined by the Authorized Representative as follows:

(A) The total Net Revenues of the System for any Year in the 24 months immediately preceding the authentication and delivery of the Additional Bonds shall first be determined. For purposes of these calculations, Revenues may be adjusted to give full effect to rate increases implemented prior to the issuance of the Additional Bonds.

(B) Next, the additional Net Revenues, if any, resulting from the Project, or any portion thereof, financed with the proceeds of the Additional Bonds will be estimated by a Qualified Engineer for the applicable Bond Fund Years as determined in Section 2.13(c)(i)(A) or (B) above.

(C) The Estimated Net Revenues will be the sum of the Net Revenues as calculated in (A) above, less any Direct Payments, plus 80% of the estimated additional Net Revenues as calculated in (B) above.

(d) 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

(e) 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 Net Revenues to secure payment of the Bonds and other Repayment Obligations hereunder, the Net 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 Net Revenues subordinate to that of the Bonds and Repayment Obligations.

Section 2.16 Perfection of Security Interest. (a) The Indenture creates a valid and binding pledge and assignment of security interest in all of the Net Revenues pledged under the Indenture in favor of the Trustee as security for payment of the Bonds, enforceable by the Trustee in accordance with the terms thereof.

(b) Under the laws of the State, such pledge and assignment and security interest is automatically perfected by Section 11-14-501, Utah Code, and is and shall have priority as against all parties having claims of any kind in tort, contract, or otherwise hereafter imposed on the Net Revenues.

ARTICLE III CREATION OF FUNDS AND ACCOUNTS

Section 3.1 Creation of Acquisition/Construction Fund. There is hereby created and ordered established in the custody of the Trustee the Acquisition/Construction Fund. There is hereby created and ordered established in the custody of the Trustee a separate account within the Acquisition/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 Acquisition/Construction Fund.

Section 3.2 Creation of Revenue Fund. The Issuer shall create and establish with 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 3.3 Creation of Bond Fund. There is hereby created and ordered established in the custody of the Trustee the Bond Fund.

Section 3.4 Creation of Sinking Fund Account. There is hereby created and ordered established in the custody of the Trustee as a separate account within the Bond Fund the Sinking Fund Account.

Section 3.5 Creation of Debt Service Reserve Fund. There is hereby created and ordered established in the custody of the Trustee the Debt Service Reserve Fund.

Section 3.6 Creation of Reserve Instrument Fund. There is hereby created and ordered established in the custody of the Trustee the Reserve Instrument Fund.

Section 3.7 Creation of Repair and Replacement Fund. There is hereby created and ordered established in the custody of the Issuer the Repair and Replacement Fund.

Section 3.8 Creation of Rebate Fund. There is hereby created and ordered established in the custody of the Trustee the Rebate Fund.

Section 3.9 Creation of Rate Stabilization Fund. There is hereby created and ordered established in the custody of the Issuer the Rate Stabilization Fund. For accounting purposes, the Rate Stabilization Fund may be redesignated by different account name by the Issuer from time to time.

Section 3.10 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 funds the Trustee may create.

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 Acquisition/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 Acquisition/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 Acquisition/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 Acquisition/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 Acquisition/Construction Fund or to inquire into the purposes for which disbursements are being made from the Acquisition/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) herein 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 Acquisition/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 Acquisition/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, (i) toward the redemption of the Series of Bonds issued to finance such Project or (ii) to pay principal and/or interest next falling due with respect to such Series of Bonds.

Section 5.2 Application of Revenues.

(a) Unless otherwise provided herein, all Revenues shall be deposited in the Revenue Fund and shall be accounted for by the Issuer separate and apart from all other moneys of the Issuer.

(b) As a first charge and lien on the Revenues, the Issuer shall cause to be paid from the Revenue Fund from time to time as the Issuer shall determine, all Operation and Maintenance Expenses of the System as the same become due and payable, and thereupon such expenses shall be promptly paid.

(c) So long as any Bonds are Outstanding hereunder, as a second charge and lien on the Revenues after payment of Operation and Maintenance Expenses, (i.e., the Net Revenues), such Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) shall be applied on or before the first day of each month as follows:

(i) approximately one-sixth (or one-twelfth in the event that the Supplemental Indenture provides that interest on the Bonds authorized thereunder is payable annually instead of semiannually) of the interest falling due on the Bonds on the next succeeding Interest Payment Date established for the Bonds; provided, however, that in the event that less than six (or twelve, if applicable) months will transpire prior to the first Interest Payment Date following the issuance of a Series of Bonds, the Issuer shall transfer an amount equal to a fraction the numerator of which is one and the denominator of which is the number of full months to transpire prior to such Interest Payment Date times the amount of interest falling due on the Bonds on the next succeeding Interest Payment Date established for the Bonds; plus

(ii) approximately one-twelfth of the principal and premium and Sinking Fund Installments, if any, falling due on the next succeeding interest payment date established for the Bonds on which principal is due; provided, however, that in the event principal on a Series of Bonds is due on the first Interest Payment Date following the issuance of such Series, the Issuer shall deposit an amount equal to a fraction the numerator of which is one and the denominator of which is the number of full months to transpire prior to such Interest Payment Date times the amount of principal and premium and Sinking Fund Installment, if any, due on such Interest Payment Date;

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 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.

(In lieu of monthly payments, a Supplemental Indenture may provide for semiannual payments to the Bond Fund, in which case the date of payment to the Trustee of an amount equal to the principal of, premium, if any, and interest falling due on the Bonds on the next succeeding Interest Payment Date shall not be less than fifteen days prior to said Interest Payment Date.)

(d) As a third charge and lien on the Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) (on a parity basis), 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 Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) 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(d)(ii) hereof) of remaining Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) 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 Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund), or a ratable portion (based on the amount to be transferred pursuant to Section 5.2(d)(i) hereof) of the amount so remaining if less than the amount necessary, that is required to be paid, on or before the next such monthly transfer or deposit of Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) 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 within one year from any draw date under the Reserve Instrument.

(e) As a fourth charge and lien on the Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund), the Issuer shall deposit in the Repair and Replacement Fund any amount required hereby and by any Supplemental Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding (or, after the issuance of Additional Bonds, the amount required to be on deposit therein), from time to time, the Issuer shall deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) of the System after payments required by Sections 5.2(b), 5.2(c) and 5.2(d) herein have been made until there is on deposit in the Repair and Replacement Fund an amount equal to the Repair and Replacement Reserve Requirement. Subject to the provisions of Section 5.2(f) herein, this provision is not intended to limit, and shall not limit, the right of the Issuer to deposit additional moneys in the Repair and Replacement Fund from time to time as the Issuer may determine.

(f) Subject to making the foregoing deposits, the Issuer may use the balance of the Net Revenues accounted for in the Revenue Fund for any of the following:

- (i) redemption of Bonds;
- (ii) refinancing, refunding, or advance refunding of any Bonds;
- (iii) for transfer to the Rate Stabilization Fund; or
- (iv) 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(c) hereof;
- (iii) any amount in the Acquisition/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 (1) 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); (2) all agreements relating to all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations in accordance with their respective terms; and (3) the 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 either be (i) deposited immediately upon the issuance and delivery of such Series from (a) proceeds from the sale thereof or from any other legally available source, or (b) by a Reserve Instrument or Instruments, or (c) any combination thereof; (ii) deposited from available Net 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 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, pursuant to Section 5.2(d) hereof and the provisions of any Supplemental Indenture, to 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(d)(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.

The Issuer may, upon obtaining 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 5.6 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.

Section 5.7 Use of Repair and Replacement Fund. All moneys in the Repair and Replacement Fund may be drawn on and used by the Issuer for the purpose of (a) paying the cost of unusual or extraordinary maintenance or repairs of the System; (b) paying the costs of any renewals, renovation, improvements, expansion or replacements to the System; and (c) paying the cost of any replacement of buildings, lines, equipment and other related facilities, to the extent the same are not paid as part of the ordinary and normal expense of the operation of the System.

Funds shall be deposited monthly from available Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) in such amounts as may be required from time to time by each Supplemental Indenture until the Repair and Replacement Fund has an amount equivalent to the Repair and Replacement Reserve Requirement. Any deficiencies below the Repair and Replacement Reserve Requirement shall be made up from Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) of the System available for such purposes. Funds at any time on deposit in the Repair and Replacement Fund in excess of the amount required to be maintained therein may, at any time, be used by the Issuer for any lawful purpose.

Section 5.8 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 Rebatable 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 Rebatable Arbitrage is determined, the excess amount remaining after payment of the Rebatable 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 Rebatable 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 Rebatable Arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Issuer from the Rebate Fund pursuant to the Indenture must be verified in writing by an independent public

accountant or other qualified professional. 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 5.8 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 5.8.

(d) The Trustee shall, at least 60 days prior to each Rebate Calculation Date, notify the Issuer of the requirements of this Section 5.8. 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 5.8 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 excludability from gross income of interest on the Bonds or the status of the Bonds as entitled to Direct Payments, if applicable.

Section 5.9 Investment of Funds. Any moneys in the Bond Fund, the Acquisition/Construction Fund, the Reserve Instrument Fund, the Rebate Fund or the Debt Service Reserve Fund shall, at the discretion and written authorization of the Issuer's Authorized Representative, 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 Acquisition/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 5.9. 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 grant 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 will furnish the Issuer periodic cash transaction statements which include the detail for all investment transactions made by the Trustee hereunder.

The Issuer may invest the amounts on deposit in the Repair and Replacement Fund as permitted by applicable law.

In the event the Issuer shall be advised by nationally recognized municipal bond counsel that it is necessary to restrict or limit the yield on the investment of any moneys paid to or held by the Trustee in order to avoid the Bonds, or any Series thereof, being considered "arbitrage bonds" within the meaning of the Code or the Treasury Regulations proposed or promulgated thereunder, or to otherwise preserve the excludability 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 and the Trustee agrees that it will take all such steps as the Issuer may require.

Section 5.10 Trust Funds. All moneys and securities received by the Trustee under the provisions of this Indenture shall be trust funds under the terms hereof and shall not be subject to lien or attachment of any creditor of the State or any political subdivision, body, agency, or instrumentality thereof or of the Issuer and shall not be subject to appropriation by any legislative body or otherwise. Such moneys and securities shall be held in trust and applied in accordance with the provisions hereof. Except as provided otherwise in Section 5.8 hereof, unless and until disbursed pursuant to the terms hereof, all such moneys and securities (and the income therefrom) shall be held by the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds and the fees and expenses of the Trustee payable hereunder.

Section 5.11 Method of Valuation and Frequency of Valuation. In computing the amount in any fund or account, Qualified Investments shall be valued at 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.

Section 5.12 Use of Rate Stabilization Fund. The Issuer may create and maintain the Rate Stabilization Fund as a separate fund of the Issuer. The Rate Stabilization Fund may be funded by the Issuer from any legally available funds of the Issuer and/or may be funded by the Issuer from amounts transferred from the Revenue Fund as provided in Section 5.2(f)(iii). The Issuer may, from time to time, designate all or a portion of the amounts on deposit in the Rate Stabilization Fund as Other Available Funds (as described in the definition thereof). Except for amounts designated as provided in the immediately preceding sentence (for the year so designated), amounts on deposit in the Rate Stabilization Fund may be used by the Issuer for any lawful purpose. To the extent that amounts on deposit in the Revenue Fund are insufficient in any year for any of the purposes thereof the Issuer covenants, to the extent amounts are on deposit in the Rate Stabilization Fund, to transfer amounts from the Rate Stabilization Fund to the Revenue Fund to cover any such insufficiency.

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, Security Instrument Issuer and Reserve Instrument Provider as follows:

(a) While any of the principal of and interest on the Bonds are outstanding and unpaid, or any Repayment Obligations are outstanding, any resolution or other enactment of the Governing Body of the Issuer, applying the Net Revenues for the payment of the Bonds and the Repayment Obligations 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 the Repayment Obligations which would in any way jeopardize the timely payment of principal or interest when due. Furthermore, the rates, for all services supplied by the System to the Issuer and to its inhabitants and to all rate payers within or without the boundaries of the Issuer, shall be sufficient to pay the Operation and Maintenance Expenses for the System, and to provide: Net Revenues for each Bond Fund Year which when added to the Other Available Funds for such year (less Direct Payments) shall equal not less than 125% of the Aggregate Annual Debt Service Requirement for such year; plus an amount sufficient to fund the Debt Service Reserve Fund for the Bonds in the time, rate and manner specified herein; provided, however, that such rates must be reasonable rates for the type, kind and character of the service rendered. There shall be no free service, and such rates shall be charged against all users of the System, including the Issuer. The Issuer agrees that should its annual financial statement made in accordance with the provisions of Section 6.1(d) hereof disclose that during the period covered by such financial statement the Net Revenues and Other Available Funds were not at least equal to the above requirement, the Issuer shall request that a Qualified Engineer, independent accountant, or other independent financial consultant make recommendations as to the revision of the rates, charges and fees and that the Issuer on the basis of such recommendations will revise the schedule of rates, charges and fees and further revise Operation and Maintenance Expenses so as to produce the necessary Net Revenues and Other Available Funds as herein required.

(b) The Issuer will maintain the System in good condition and operate the same in an efficient manner.

(c) Each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider shall have a right, in addition to all other rights afforded it by the laws of the State, to apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require the Issuer to charge or collect reasonable rates for services supplied by the System sufficient to meet all requirements hereof and of any applicable Reserve Instrument Agreement.

(d) So long as any principal and interest payments of the Bonds are Outstanding, or any Repayment Obligations are outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts,

showing complete and correct entries of all transactions relating to the System. Each Registered Owner, 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 thereto and to inspect the System. Except as otherwise provided herein, the Issuer further agrees that it will within one hundred eighty (180) days following the close of each Bond Fund Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the Net Revenues and the System, and that such audit will be available for inspection by each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider.

All expenses incurred in compiling the information required by this Section 6.1 shall be regarded and paid as an Operation and Maintenance Expense.

Section 6.2 Lien of Bonds; Equality of Liens. The Bonds and any Security Instrument Repayment Obligations constitute an irrevocable first lien upon the Net 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 lien on the Net Revenues and shall not be entitled to any priority one over the other in the application of the Net Revenues regardless of the time or times of the issuance of the Bonds 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) Net Revenues, or (iii) Funds established hereby, including investments, if any, thereof, is and shall be subordinate to the assignment and pledge effected hereby to the Registered Owners of the Bonds 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 Net Revenues (except to the extent paid out of moneys attributable to Bond proceeds or other funds created hereunder or the income from the temporary investment thereof), which Net 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 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 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 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 and Direct Payments. 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 or Bonds entitled to Direct Payments 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 take any action that would jeopardize the Direct Payments on Bonds issued under this Indenture, (iii) 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, (iv) will not omit to take or cause to be taken, in timely manner, any action, which omission would jeopardize the Direct Payments on Bonds issued under this Indenture and (v) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Bonds in order to preserve the excludability from gross income for purposes of federal income taxation of interest on tax-exempt Bonds and the Direct Payments on any Direct Payment Bonds issued under this Indenture.

Section 6.8 Expeditious Construction. The Issuer shall complete the acquisition and construction of each Project with all practical dispatch and will cause all construction to be effected in a sound and economical manner.

Section 6.9 Management of System. The Issuer, in order to assure the efficient management and operation of the System and to assure each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider from time to time that the System will be operated on sound business principles, will employ competent and experienced management for the System, will use its best efforts to see that the System is at all times operated and maintained in first-class repair and condition and in such manner that the operating efficiency thereof shall be of the highest character.

Section 6.10 Use of Legally Available Moneys. Notwithstanding any other provisions hereof, nothing herein shall be construed to prevent the Issuer from (i) paying all or any part of the Operation and Maintenance Expenses from any funds available to the Issuer for such purpose, (ii) depositing any funds available to the Issuer for such purpose in any account in the Bond Fund for the payment of the interest on, premium, if any, or the principal of any Bonds issued under provisions hereof or for the redemption of any such Bonds, or (iii) depositing any funds available to the Issuer for such purpose in the Reserve Instrument Fund for the payment of any amounts payable under any applicable Reserve Instrument Agreement.

Section 6.11 Payment of Taxes and Other Charges. The Issuer covenants that all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon the System or upon any part thereof or upon any income therefrom will be paid when the same shall become due, that no lien or charge upon the System or any part thereof or upon any Revenues thereof, except for the lien and charge thereon created hereunder and securing the Bonds, will be created or permitted to be created ranking equally with or prior to the Bonds (except for the parity lien thereon of Additional Bonds issued from time to time hereunder and under Supplemental Indentures hereto), and that all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any part thereof or upon the Revenues thereof will be paid or discharged, or adequate provision will be made for the

payment or discharge of such claims and demands within 60 days after the same shall accrue; provided, however, that nothing in this Section 6.11 shall require any such lien or charge to be paid or discharged or provision made therefor so long as the validity of such lien or charge shall be contested in good faith and by appropriate legal proceedings.

Section 6.12 Insurance. The Issuer, in its operation of the System, will self-insure or carry insurance, including, but not limited to, workmen's compensation insurance and public liability insurance, in such amounts and to such extent as is normally carried by others operating public utilities of the same type. The cost of such insurance shall be considered an Operation and Maintenance Expense of the System. In the event of loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged. Any remainder shall be paid into the Bond Fund.

Section 6.13 Instruments of Further Assurance. The Issuer and the Trustee mutually covenant that they will, from time to time, each upon the written request of the other, 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 or any official thereof.

Section 6.14 Covenant Not to Sell. The Issuer will not sell, lease, mortgage, encumber, or in any manner dispose of the System or any substantial part thereof, including any and all extensions and additions that may be made thereto, until all principal of and interest on the Bonds, and all Repayment Obligations, have been paid in full, except as follows:

(a) The Issuer may sell any portion of said property which shall have been replaced by other property of like kind and of at least equal value. The Issuer may sell, lease, abandon, mortgage, or otherwise dispose of any portion of the property which shall cease to be necessary for the efficient operation of the System the disposition of which will not, as reasonably determined by the Governing Body of the Issuer, result in a material reduction in Net Revenues in any year; and the value of which, as reasonably determined by the Governing Body (together with any other property similarly disposed of within the 12 calendar months preceding the proposed disposition) does not exceed 10% of the value of the System assets, provided, however, that in the event of any sale or lease as aforesaid, the proceeds of such sale or lease not needed to acquire other System property shall be paid into the Bond Fund.

(b) The Issuer may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System, provided that any such lease, contract, license, arrangement, easement or right does not impede the operation of the System; and any payment received by the Issuer under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System or any part thereof shall constitute Revenues.

Section 6.15 Billing Procedure. The Issuer shall submit a monthly billing for services rendered to persons who are liable for the payment of charges for such services, shall require that

each such bill be paid in full as a unit, and refuse to permit payment of a portion without payment of the remainder. [Any bill not paid within sixty (60) days from the date it is mailed to the customer shall be deemed delinquent. The Issuer hereby agrees that if any bill remains delinquent for more than sixty (60) days and has an outstanding balance of at least \$40], it will initiate proceedings to cause all water service to the user concerned to be cut off immediately.

Section 6.16 Annual Budget. Prior to the beginning of each fiscal year the Issuer shall prepare and adopt a budget for the System for the next ensuing Fiscal Year. At the end of the first six months of each Fiscal Year, the Issuer shall review its budget for such Fiscal Year, and in the event actual Revenues, Operation and Maintenance Expenses or other requirements do not substantially correspond with such budget, the Issuer shall prepare an amended budget for the remainder of such Fiscal Year. The Issuer also may adopt at any time an amended budget for the remainder of the then current Fiscal Year.

ARTICLE VII EVENTS OF DEFAULT; REMEDIES

Section 7.1 Events of Default. Each of the following events is hereby declared an "Event of Default":

- (a) if payment of any installment of interest on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable; or
- (b) if payment of the principal of or the redemption premium, if any, on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any fund hereunder or otherwise; or
- (c) if the Issuer shall, in the reasonable opinion of [any] Registered Owner of not less than 50% in aggregate principal amount of the Bonds then Outstanding hereunder, 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) 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(m) 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.

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 if 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 and any other outstanding fees and expenses of the Trustee relating to its duties under this Indenture, 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.

(b) 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 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, 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 exists, 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 such duties and only such duties as are specifically set forth in this Indenture and 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 gross negligence or willful misconduct.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder, except an Event of Default described in Section 7.1(a) or (b), unless the Trustee shall be specifically notified in writing of such Default by the Issuer, 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 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 security or indemnity acceptable to the Trustee 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.

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 or sent by facsimile 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, as applicable.

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 Provider, 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; 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 by the Issuer 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 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, 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. 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 the 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. The indemnification provided to the Trustee under this Section 8.14 will not terminate upon its resignation or removal or upon payment of the Bonds and discharge of the Indenture.

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.

Section 8.16 Direct Payment Authorization. The Issuer hereby authorizes and directs the Trustee to take all necessary actions, if applicable, to effectively carry out the duties required to

apply for and accept Direct Payments from the Internal Revenue Service on behalf of the Issuer under Sections 54AA and 6431 of the Code or such other tax provisions of substantially similar nature which may be hereafter authorized, including, but not limited to, filing and signing IRS Form 8038-CP, receiving the Direct Payment on the Issuer's behalf, and using such Direct Payment to pay Debt Service on the Bonds. For fixed rate bonds, the Trustee shall file the 8038-CP at least 60 days (but not more than 90 days) before the relevant Interest Payment Date (unless otherwise directed by a change in regulations). For variable rate bonds, the Trustee shall file the 8038-CP for reimbursements in arrears within 25 days after the last Interest Payment Date within the quarterly period for which reimbursement is being requested (unless otherwise directed by a change in regulations). The Issuer hereby covenants that it will deposit the Direct Payments with the Trustee for use in paying Debt Service on the Bonds.

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, 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, or any successor provisions of law;
- (f) To make any change which shall not materially adversely affect (determined as if there were no Security Instrument in place) 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 excludability 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 or (C) to establish or maintain the Direct Payments related to any Series of Bonds;

(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, (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 (3) a certificate of the Issuer to the effect 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 hereof, 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.

If at any time the Issuer shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section 9.2, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be given by registered or certified mail to the Bondholder of each Bond shown by the list of Bondholders required by the terms of Section 6.5 hereof to be kept at the office of the Trustee. Such notices shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Corporate Trust Office of the Trustee for inspection by all Bondholders. At the time such notices are mailed by the Trustee, the Issuer may, but is not required to, designate a reasonable time period for receipt of such consents and shall include such requirement in the notices sent to the Bondholders. If the Bondholders of not less than 66 2/3% in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as is in this Article IX permitted and provided, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

Section 9.3 Opinion of Counsel as to Supplemental Indenture. In executing any Supplemental Indenture, the Trustee shall receive and will be fully protected in conclusively relying upon an opinion of counsel stating that the execution of such Supplemental Indenture is authorized or permitted by this Indenture and is the legal, valid and binding obligation of the Issuer, enforceable against it in accordance with its terms.

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. Any discharge of the lien of the Indenture shall also be subject to any applicable terms of a related Supplemental Indenture.

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 the provisions of this Indenture; and
- (c) if the Bonds to be redeemed will not be redeemed within 90 days of such deposit, 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 Subparagraph (a) above.

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.

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 IX 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, 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. The amount of Bonds held by any person executing such instrument as a Registered Owner of

Bonds and the fact, amount and numbers of the Bonds held by such person and the date of his holding the same shall be proved by the registration books of the Trustee.

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 or sent by facsimile addressed to it at 100 North State Street, Lindon, Utah 84042, Attention: Mayor, or to such address as the Issuer may from time to time file with the Trustee. It shall be sufficient service of any notice or other paper on the Trustee if the same shall be duly mailed by registered or certified mail or sent by facsimile addressed to it at U.S. Bank Trust Company, National Association, 170 South Main Street, Suite 600, Salt Lake City, Utah 84101, Attention: Corporate Trust Department, 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. The Trustee is hereby designated and agrees to act as principal Paying Agent and 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 Electronic Signatures. Each party hereto acknowledges and agrees that it may execute this Indenture, and any variation or amendment hereto, using Electronic Signatures, as hereinafter defined. Such Electronic Signatures are intended to authenticate this writing and to have the same force and effect as handwritten signatures.

“Electronic Signature” means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such

record, including facsimile or email electronic signatures, pursuant to applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the Utah Uniform Electronic Transactions Act, or any other similar state laws based on the Uniform Electronic Transactions Act, as amended from time to time.

Section 11.8 Applicable Law. THIS INDENTURE SHALL BE GOVERNED EXCLUSIVELY BY THE APPLICABLE LAWS OF THE STATE.

Section 11.9 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 11.10 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 11.11 Effective Date. This Indenture shall become effective immediately.

Section 11.12 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.

LINDON CITY, UTAH, as Issuer

(SEAL)

By: _____
Mayor

ATTEST:

By: _____
City Recorder

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Vice President

EXHIBIT A

FORM OF REQUISITION

Re: Lindon City, Utah, Water Revenue Bonds, _____ in the sum of
 \$ _____

U.S. Bank Trust Company, National Association
170 South Main Street, Suite 600
Salt Lake City, Utah 84101

You are hereby authorized to disburse from the Series _____ Account of the Acquisition/Construction Fund with regard to the above-referenced bond issue the following:

REQUISITION NUMBER: _____

NAME AND ADDRESS OF PAYEE:

AMOUNT: \$ _____

PURPOSE FOR WHICH EXPENSE HAS BEEN INCURRED: _____

Each obligation, item of cost, or expense mentioned herein has been properly incurred, is a proper charge against the Series _____ Account of the Acquisition/Construction Fund based upon audited, itemized claims substantiated in support thereof (evidence of such support not herein required by the Trustee), is justly due and owing and constitutes a Cost of a Project and has not been the basis for a previous withdrawal.

The amount remaining in the Series _____ Account of the Acquisition/Construction Fund after such disbursement is made, together with the amount of unencumbered Net Revenues, if any, which the Issuer reasonably estimates will be deposited in the Series _____ Account of the Acquisition/Construction Fund during the period of construction of the Project from the investment of moneys on deposit in the Series _____ Account of the Acquisition/Construction Fund, will, together with any other moneys lawfully available or expected to be lawfully available for payment of the Cost of the Project and after payment of the amount requested in said requisition, be sufficient to pay the Cost of Completion for the Project in accordance with the plans and specifications therefor then in effect; it being understood that no moneys from the Series _____ Account of the Acquisition/Construction Fund may be expended unless, after giving effect thereto, the funds remaining in the Series _____ Account of the Acquisition/Construction Fund, together with such other funds and income and lawfully available moneys, are sufficient to pay the Cost of Completion for the Project.

DATED: _____

By: _____

Its: _____

APPENDIX C

**ECONOMIC AND DEMOGRAPHIC
INFORMATION REGARDING THE CITY AND UTAH COUNTY**

THE CITY

City Population

<u>Year</u>	<u>Population</u>	<u>Percent Change</u>
2025	12,015	0.26%
2024	11,984	1.18
2023	11,844	0.83
2022	11,747	0.34
2021	11,707	2.72
2020 Census	11,397	2.68
2019	11,100	1.25
2018	10,963	0.14
2017	10,948	0.81
2016	10,860	1.29

(Source: U.S. Census Bureau. Years 2016 through 2019 and 2021 through 2025 are estimates as of July 1 of the year given; 2020 is as of 2020 census.)

Construction Activity

The following table summarizes the value of permit authorized construction for the City for the years shown for both residential and commercial construction.

	<i>Calendar Year</i>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
New Dwelling Units	101	70	63	77	115
New Residential Value (\$000)	30,542.6	22,112.3	16,875.1	21,524.5	40,645.6
New Nonresidential Value (\$000)	49,159.7	13,670.4	23,823.3	22,911.5	24,675.1
Additions/Alterations/Repairs (\$000)	<u>16,410.2</u>	<u>7,816.1</u>	<u>10,234.2</u>	<u>18,142.8</u>	<u>9,780.1</u>
Total Construction (\$000)	<u>96,112.5</u>	<u>43,598.8</u>	<u>50,932.6</u>	<u>62,578.7</u>	<u>75,100.9</u>

(Source: University of Utah Bureau of Economic and Business Research.)

THE COUNTY

County and State Population

<u>Year</u>	<u>County</u>	<u>% Change</u>	<u>State</u>	<u>% Change</u>
2025	759,859	1.9%	3,538,904	1.0%
2024	745,668	2.7	3,502,983	1.6
2023	726,088	3.0	3,449,259	1.6
2022	705,241	2.7	3,393,928	1.6
2021	686,576	4.1	3,339,874	2.1
2020 Census	659,399	3.6	3,271,616	2.0
2019	636,235	2.4	3,205,958	1.7
2018	621,520	2.4	3,153,550	1.7
2017	606,742	2.8	3,101,042	1.9
2016	590,288	3.1	3,041,868	2.0
2015	572,667	2.1	2,981,835	—
2010 Census	516,564	—	2,763,885	—

(Source: U.S. Census Bureau estimates as of July 1 for years 2015-2019 and 2021-2025, and 2010 and 2020 Census counts are as of April 1.)

Rate of Unemployment – Annual Average

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2025	3.6%	3.6%	4.3%
2024	3.4	3.3	4.0
2023	2.7	2.7	3.6
2022	2.2	2.4	3.6
2021	2.4	2.8	5.3
2020	3.9	4.8	8.1
2019	2.3	2.5	3.7

(Source: Utah Department of Workforce Services and the U.S. Department of Labor.)

Economic Indicators in the County

LABOR FORCE ⁽¹⁾	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Labor Force (annual average)	366,098	363,535	357,471	348,342	334,355
Employed (annual average)	352,741	351,235	347,763	340,515	326,266
Unemployed (annual average)	13,357	12,300	9,708	7,827	8,089
Average Employment (Non-Farm Jobs)	317,580	311,577	306,985	302,222	288,842
% Change Prior Year	1.93%	1.50%	1.58%	4.63%	7.45%
<i>Average Employment by Sector:</i>					
Agriculture, Forestry, Fishing & Hunting	1,247	1,245	1,130	1,172	1,265
Mining	328	301	274	271	256
Utilities	910	883	840	709	659
Construction	30,902	30,400	29,953	29,726	27,015
Manufacturing	23,806	23,734	23,462	22,937	21,044
Wholesale Trade	6,705	7,147	7,418	7,988	7,838
Retail Trade	32,776	33,824	34,211	34,278	35,993
Transportation & Warehousing	7,034	6,997	6,590	6,486	6,530
Information	13,791	13,187	13,717	15,834	15,073
Finance & Insurance	8,481	8,576	9,440	9,407	9,371
Real Estate and Rental & Leasing	4,002	3,887	3,854	3,583	3,499
Professional, Scientific & Technical Services	26,558	25,763	26,152	26,231	23,555
Management of Companies & Enterprises	3,018	2,925	2,886	2,621	1,919
Administrative, Support, Waste Management, & Remediation	18,334	17,443	16,785	17,683	17,932
Education Services	50,045	48,032	46,879	45,056	43,693
Health Care & Social Assistance	42,048	40,607	38,122	36,066	34,536
Arts, Entertainment, & Recreation	7,376	7,193	6,789	6,195	5,309
Accommodation & Food Services	24,304	24,331	24,036	22,360	20,354
Other Services & Unclassified Establishments	8,367	7,874	7,551	7,063	6,541
Public Administration	7,547	7,229	6,897	6,558	6,460
Total Establishments	23,117	22,573	21,839	21,388	22,372
Total Wages (\$Millions)	19,627.8	18,706.4	17,721.4	17,122.9	15,498.6
INCOME AND WAGES	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Personal Income (\$000) ⁽²⁾	n/a	44,572,939	41,642,432	38,241,420	35,802,130
Median Household Income ⁽¹⁾	n/a	100,611	100,617	95,085	86,597
Per Capita Income ⁽²⁾	n/a	59,651	57,409	54,261	52,187
Average Monthly Nonfarm Wage ⁽¹⁾	5,150	5,003	4,811	4,721	4,471
SALES & CONSTRUCTION					
Gross Taxable Sales (\$000,000) ⁽³⁾	19,561.1	18,317.9	17,588.5	17,342.5	15,630.7
New Dwelling Units ⁽⁴⁾	6,733	6,646	6,045	8,555	12,430
Total Construction Value (\$000) ⁽⁴⁾	4,064,521.1	2,953,493.9	2,807,534.3	3,432,509.0	4,056,859.5
New Residential Value (\$000) ⁽⁴⁾	2,129,502.4	1,970,316.1	1,724,314.8	2,239,401.0	2,890,112.7
New Nonresidential Value (\$000) ⁽⁴⁾	1,634,706.5	720,835.5	774,357.9	878,139.2	833,194.9

(Sources: (1) Utah Department of Workforce Services; (2) U.S. Department of Commerce, Bureau of Economic Analysis, last updated February 2026; (3) Utah State Tax Commission; (4) Total includes additions and repairs; University of Utah Ivory-Boyer Construction Database.)

Major Employers in the County

The following is a list of some of the largest employers in the County.

<u>Company</u>	<u>Industry</u>	<u>Employment Range</u>
Brigham Young University	Higher Education	20,000+
Alpine School District	Public Education	7,000-9,999
Intermountain Health Care	Hospitals	7,000-9,999
Utah Valley University	Higher Education	5,000-6,999
Nebo School District	Public Education	4,000-4,999
Walmart Associates	General Merchandise Retailers	3,000-3,999
State of Utah	State Government	3,000-3,999
NRG Energy	Specialty Trade Contractors	2,000-2,999
Adobe Systems	Prof., Scientific & Technical Services	1,000-1,999
Central Utah Medical Clinic	Ambulatory Health Care Services	1,000-1,999
Provo City School District	Public Education	1,000-1,999
Chrysalis Utah	Social Assistance	1,000-1,999
Provo City	Local Government	1,000-1,999
Utah County Government	Local Government	1,000-1,999
Doterra International	Sporting Goods, Hobby & Misc Retailers	1,000-1,999
Costco Wholesale	General Merchandise Retailers	1,000-1,999
Smith's	Grocery Stores	1,000-1,999
Bamboo HR	Prof., Scientific & Technical Services	1,000-1,999
RBD Acquisition Sub	Janitorial Services	1,000-1,999
Lehi City	Local Government	1,000-1,999
Nestle USA	Food Mfg.	1,000-1,999
City of Orem	Local Government	500-999
Qualtrics	Prof., Scientific & Technical Services	500-999
Texas Instruments	Computer & Electronic Product Mfg.	500-999
Arm Security	Security Systems Services	500-999
Weave Communications	Prof., Scientific & Technical Services	500-999
Target	General Merchandise Retailers	500-999
Tyson Fresh Meats	Food Mfg.	500-999
US Synthetic	Nonmetallic Mineral Product Mfg.	500-999
Associated Retail Operations	Management of Companies & Enterprises	500-999
Entrata	Computing, Data Processing & Hosting	500-999
Thanksgiving Point Institute	Museums, Historical Sites & Similar	500-999
US Postal Service	Postal Service	500-999
Wasatch Mental Health Services	Social Assistance	500-999
The Home Depot	Building Material & Garden Suppliers	500-999
Alpine Building	Construction of Buildings	500-999
Young Living Holdings	Sporting Goods, Hobby & Misc Retailers	500-999
Timpanogos Regional Medical Service	Hospitals	500-999
Sundance Mountain Resort	Accommodation	500-999
Spanish Fork City	Local Government	500-999
Springville City	Local Government	500-999
Amazon.com	Couriers & Messengers	500-999
Liveview Technologies	Publishing Industries	500-999
Ancestry.com	Publishing Industries	500-999
American Fork City	Local Government	500-999
Elite Manufacturing & Packaging	Chemical Mfg.	500-999
Xactware Solutions	Prof., Scientific & Technical Services	500-999
Awardco	Prof., Scientific & Technical Services	500-999
Rocky Mountain ATV	Motor Vehicle & Parts Dealers	500-999
Maverik	Gasoline Stations & Fuel Dealers	500-999
Costa Vida Holdings	Restaurants	500-999
Vasa Fitness	Amusement, Gambling & Recreation	500-999
Sizzling Platter	Restaurants	500-999
UHS of Provo Canyon	Nursing and Residential Care Facilities	500-999

(Source: Utah Department of Workforce Services; last updated October 2026.)

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”), is executed by Lindon City, Utah (the “City”), in connection with the issuance by the City of its \$[] Water Revenue Bonds, Series 2026 (the “Series 2026 Bonds”). The Series 2026 Bonds are being issued pursuant to a General Indenture of Trust dated as of November 1, 2026 (the “General Indenture”), as supplemented by a First Supplemental Indenture of Trust dated as of November 1, 2026 (the “First Supplemental Indenture” and together with the General Indenture, the “Indenture”) each between the City and U.S. Bank Trust Company, 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 2026 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 2026 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 of the City” 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 2026 Bonds (including persons holding Series 2026 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2026 Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the City, 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 1300 I Street, NW, Suite 1000, Washington DC 20005-3314; Telephone (202) 838-1500; Fax (202) 898-1500, and the 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 [], 2026, relating to the Series 2026 Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Series 2026 Bonds required to comply with the Rule in connection with the offering of the Series 2026 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.

Section 3. Provision of Annual Reports.

(a) The City shall prepare an Annual Report of the City and shall, or shall cause the Dissemination Agent to, not later than 200 days after the end of each fiscal year of the City (presently June 30), commencing with the fiscal year ending June 30, 2026, provide to the MSRB in an electronic format, the Annual Report of the City which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than ten (10) Business Days prior to said date, the City shall provide the Annual Report of the City to the Dissemination Agent. In each case, the Annual Report of the City 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, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) If by ten (10) Business Days prior to the date specified in Section 3(a) for providing the Annual Report of the City to the MSRB, the Dissemination Agent has not received a copy of the Annual Report of the City, 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 of the City has been provided to the MSRB by the dates required in Section 3(a), the Dissemination Agent shall, in a timely manner, send a notice to the MSRB in the manner prescribed by the MSRB.

(d) The Dissemination Agent shall:

(i) determine each year prior to the dates for providing the Annual Report of the City, 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 its 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 of the City shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles and audited by a certified public accountant or a firm of certified public accountants. 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 of the City 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 the tables under the headings:

“THE SYSTEM—Water Sources and Storage Capacity,” “—Culinary Water Connections,” “—Sources and Supplies of Secondary Water,” “HISTORICAL AND PRO FORMA DEBT SERVICE COVERAGE” (but only as to historical data), and “DEBT STRUCTURE OF THE CITY.”

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.

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 2026 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 2026 Bonds or other material events affecting the tax status of the Series 2026 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 obligated person, 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 2026 Bonds in a timely manner but 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 obligated persons 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 2026 Bonds;
- (v) Series 2026 Bond calls;
- (vi) Release, substitution or sale of property securing repayment of the Series 2026 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 2026 Bonds. If such termination occurs prior to the final maturity of the Series 2026 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 will serve as the initial Dissemination Agent under this Disclosure Undertaking.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City and the Dissemination Agent, if any, may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, without the consent of the holders of the Series 2026 Bonds, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver does not, in and of itself, cause the agreement herein to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The City will provide notice of such amendment or waiver to the MSRB.

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 of the City 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 2026 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 2026 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 2026 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.

Date: _____, 2026.

LINDON CITY, UTAH

(SEAL)

By: _____
Mayor

ATTEST:

By: _____
City Recorder

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Upon the issuance of the Series 2026 Bonds, Gilmore & Bell, P.C., Bond Counsel to the City, proposes to issue its approving opinion in substantially the following form.

Re: \$[] Lindon City, Utah Water Revenue Bonds, Series 2026

We have acted as bond counsel to Lindon City, Utah (the “Issuer”) in connection with the issuance by the Issuer of the above-captioned bonds (the “Bonds”). In this capacity, we have examined the law and such certified proceedings, certifications and other documents as we have deemed necessary to give the opinions below.

The Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and other applicable provisions of law; (ii) resolutions of the Issuer adopted on September 21, 2026 and October 5, 2026; and (iii) a General Indenture of Trust dated as of November 1, 2026 (the “General Indenture”), as supplemented by a First Supplemental Indenture of Trust dated as of November 1, 2026 (the “First Supplemental Indenture” and together with the General Indenture, the “Indenture”) each between the Issuer and U.S. Bank Trust Company, National Association, as trustee. Under the Indenture, the Issuer has pledged certain revenues (the “Net Revenues”) for the payment of principal of, premium (if any), and interest on the Bonds when due.

Capitalized terms used and not otherwise defined in this opinion have the meanings assigned to those terms in the Indenture.

Regarding questions of fact material to the opinions below, we have relied on the representations of the Issuer contained in the Indenture, on the certified proceedings and other certifications of representatives of the Issuer and the certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion that:

1. The Issuer is a political subdivision and body politic duly organized and validly existing under the constitution and laws of the State of Utah (the “State”) with the power to execute the Indenture, perform the agreements on its part contained therein, and issue the Bonds.

2. The Indenture has been authorized, executed and delivered by the Issuer and constitutes a valid and binding agreement of the Issuer.

3. The Indenture creates a valid lien on the Net Revenues and other funds pledged by the Indenture for the security of the Bonds on a parity with other bonds, if any, issued or to be issued under the Indenture.

4. The Bonds have been duly authorized and executed by the Issuer, and are valid and binding limited obligations of the Issuer, payable solely from the Net Revenues and the other funds provided therefor in the Indenture. The Bonds do not constitute general obligations of the Issuer and do not constitute an indebtedness of the Issuer within the meaning of any State constitutional or statutory provision, limitation, or restriction. The Issuer’s taxing power is not pledged to the payment of the Bonds.

5. The interest on the 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 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 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 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from State of Utah individual income taxes.

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

We express no opinion regarding (a) the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds, (b) the attachment, perfection, or priority of the lien on the Net Revenues or other funds created by the Indenture, or (c) the tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion letter.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Respectfully submitted,

APPENDIX F

PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds are to 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 bond certificate is to be issued for each maturity of the Series 2026 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or its agent.

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 3.5 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 S&P Global’s rating of AA+. The DTC Rules applicable to its Direct Participants are on file with the Securities and Exchange Commission. Neither the City nor the Purchaser makes any representation about such information. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which are to receive a credit for the Series 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2026 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 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 the Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 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 Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2026 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 Series 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2026 Bonds may wish to ascertain

that the nominee holding the Series 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 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 Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's 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 Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2026 Bonds are to 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 detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners are to 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 Direct or Indirect Participant and not of DTC nor its nominee, 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 is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, Series 2026 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2026 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.