

Comprehensive Annual Financial Report



**Park City Municipal Corporation, Utah
Fiscal Year Ended June 30, 2016**

PARK CITY MUNICIPAL CORPORATION, UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**(Including Internal Control and Compliance Reports
and Supplementary Information)
for fiscal year ended June 30, 2016**

**Prepared by:
Finance Department**

**Lori W. Collett
Finance Manager**

**Rebecca Gillis
Accounting Manager**

PARK CITY MUNICIPAL CORPORATION, UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2016

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**INTRODUCTORY
SECTION**

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December 15, 2016

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

These financial statements have been prepared by the Park City Municipal Corporation Finance Department in accordance with accounting principles generally accepted in the United States (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). Utah State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2016.

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

The basic financial statements contained in this report have been audited by Piercy Bowler Taylor & Kern, a firm of licensed certified public accountants. The objective of this type of audit is for the independent auditors to render an opinion, with reasonable assurance, as to whether the basic financial statements of Park City Municipal Corporation, the "City", for the fiscal year ended June 30, 2016 are fairly presented and free of any material misstatement. Audit procedures included: extensive testing and analysis of transactions, balances and systems. The unmodified ("clean") opinion on the basic financial statements signed by Piercy Bowler Taylor & Kern is located at the beginning of the financial section.

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

Profile of Park City Municipal Corporation, Utah

Park City Municipal Corporation is governed by an elected mayor and five-member council. The City was chartered March 15, 1884, under the provisions of the Utah Territorial Government and the City operates under a council-manager form of government. Policy-making and legislative authority are vested in the governing council. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City's manager and attorney. The City's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council and mayor are elected on a non-partisan basis. Council members and the mayor serve four-year staggered terms. Elections are held every odd number year.

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

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

Budgetary Control

The City Council is required to adopt a final budget by no later than June 22 of the fiscal year. This annual budget serves as the foundation of the City's financial planning and control. Budgets are prepared for all governmental fund types including the general fund, capital improvements funds, special revenue funds, and debt service funds. The City Council approves all City budgets at the department level (general government, public safety, public works and recreation and library). Budgetary control is maintained at the department level where expenditures may not legally exceed appropriations. Department heads may make transfers within a department. The City Council may amend the budget by ordinance during the budget year, but must hold a public hearing to increase a governmental fund's budget before it can pass the ordinance.

Local Economy

Park City is located in Summit County, Utah, in the heart of the Wasatch Mountains, 30 miles east of Salt Lake City and 40 minutes by freeway from the Salt Lake International Airport. In 1869, silver bearing quartz was discovered in the area, of what is now Park City, and a silver mining boom began. From the 1930's through the 1950's, the mining boom subsided due to the decline of silver prices, and Park City came very close to becoming a historic ghost town. During that time, the residents began to consider an alternative to mining, and began developing Park City into a resort town. Park City is one of the western United States premier multi-season resort communities with an area of twenty square miles and a permanent resident population of approximately 8,128.

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

Tourism is the major industry in Park City, with skiing, lodging facilities and restaurants contributing significantly to the local economy. Park City is the home of two major ski resorts (Park City Mountain Resort and Deer Valley Resort) with a third area (The Canyons Resort) located only one mile north of the City limits. Vail Resorts acquired the Canyons Resort in 2013 and the Park City Mountain Resort in September of 2014. In July 2015 Vail linked these two resorts creating the largest skiing resort in the United States with over 7,300 acres of skiable terrain.

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

Deer Valley Resort hosted the 2016 Freestyle Ski World Cup event for the tenth year in a row in February 2016. Deer Valley Resort took second place as the best western resort in North America in *Ski Magazine's* resort review of 2016's Top-Ranked Western Ski Resorts. Deer Valley ranked first for five consecutive years between 2007 and 2011. It also marks sixteen consecutive years that Deer Valley has finished in the top three. The Park City Mountain Resort is located in the heart of Park City and hosted the U.S. Grand Prix for slopestyle and halfpipe prior to the 2014 Sochi Winter Olympic Games. The resort was ranked number eleven, overall. The Canyons Resort, placed twenty-third, which made the fifth year in a row that all three of Park City's resorts have finished in the top twenty five.

Major employer-types in the City include accommodation and food service, arts/entertainment and recreation, retail trade, real estate, technical services and government. Unemployment data was unavailable for Park City; however, the current Summit County unemployment rate is estimated at 3.4 percent. The current State of Utah rate is 4.0 percent and the national rate is 4.9 percent.

Economic Trends

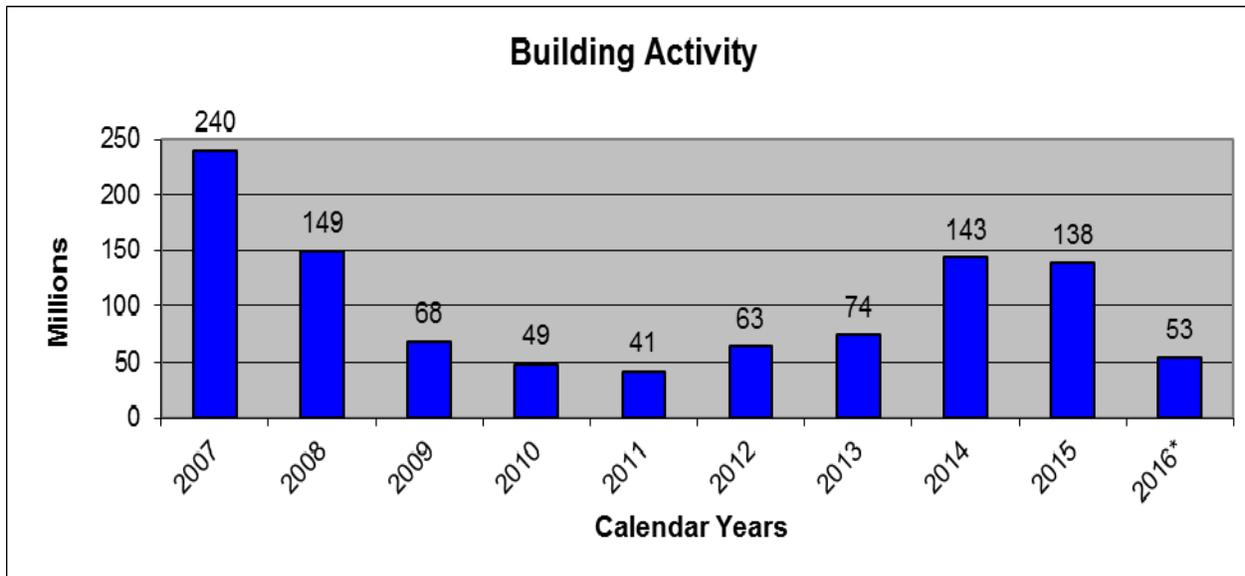
Growth has accelerated in the last decade and *Outside Magazine* named Park City the “Best Town in America” in 2013. Park City has seen some strong growth over the past years in the ski industry. Encouraging tourism and the ski industry are objectives for Park City as well as for the State of Utah. With its close proximity to Salt Lake City and Salt Lake International Airport, Park City is a major contributor to these goals. Figures show last ski season was the best in the last ten years. Total statewide skier days were 4,457,575, up 12.9 percent from the 2014-2015 season and setting a new record high. Skier days were up nationally from 53.6 million to 53.9 million, a 0.5 percent increase from the previous season. The Utah increase in skier days is being attributed partially on the State’s early snowfall and resort capital improvements statewide, totaling over \$100.0 million. To put this in context, Utah’s record was 4,249,190 set during the 2006-2007 season, prior to the recession. With the local economy dependent on tourism and skiing, employment in Park City tends to decline in the spring and summer months. The City has been mitigating this by diversifying recreational activities in the “off-season”. This year the City hosted the Triple Crown Girls Fast Pitch Softball World Series for the fourteenth year. This event draws teams from California, Arizona, Colorado, Oklahoma, Idaho, Utah and Texas and each year is bigger and better than the last. Other events include Park City Marathon Road Race, Intermountain Cup Mountain Bike Races and the Endurance 100 Mountain Bike Race. Park City was the first city to qualify as a Gold Level Ride Center by the International Mountain Bicycling Association.

The service population is much larger due to the number of secondary homeowners and visitors within Park City. The City has approximately 142 restaurants, 169 shops, 31 private art centers and a community-sponsored art center. Many of Park City’s restaurants are award winning and among the finest in the inter-mountain west. The Chamber of Commerce estimates that the community has a nightly capacity for 28,275 guests. In the last ten years nightly capacity has increased by 6.7 percent. Please see Schedule 24 on page 134 of the Statistical Section of this report.

The Sundance Film Festival made its 35th annual appearance in Park City in January 2016. A recent study by the University of Utah’s Bureau of Economic and Business Research reveals the 2016 festival generated an overall economic impact of \$61.5 million for the State of Utah, down slightly from 2015, and not close to the record of \$92.2 million reported after the 2009 festival. Sundance and Park City Municipal Corporation have formally agreed that Park City will remain festival headquarters through the 2026 film festival and, importantly, Sundance agreed to schedule future film festivals, beginning in 2015, to avoid overlapping with the Martin Luther King holiday, a popular ski weekend. This change is estimated to generate \$4.2 million in additional economic activity for the greater Park City area. The festival presents high quality, independent films. Nationally known actors, directors, writers and other members of the film industry conduct and attend workshops, classes, seminars, dinners and premiers that are open to the public. The cultural event attracted over 46,660 attendees this year, up slightly from the 2015 attendance of 46,170 with an estimated 67.0 percent coming from out of state.

The Kimball Arts Center sponsored its 46th annual three-day Park City Arts Festival in August 2015. The Park City Arts Festival is Utah’s oldest and the longest running arts festival in the West. In the last decade, this event has grown substantially and this year attracted an estimated 56,522 visitors. This was a decrease of 1.7 percent over the previous year. The festival featured 220 of North America’s top artists. This is one of the most attended annual events in Utah and includes an art auction and gala, and a 5K run for the arts.

Closely connected to the tourism and ski industries in Park City is the real estate industry. During the past ten years, building activity within the City has fluctuated from a low of \$40.9 million in 2011, because of the recession, to a high of \$239.7 million in 2007. Building activity over the last decade has averaged \$102.0 million per year. In the first six months of calendar year 2016, approximately 58.0 percent of the \$53.2 million in building activity has been in residential construction and 6.9 percent in commercial construction. The remaining 35.1 percent consists of remodeling, expanding and miscellaneous construction. The residential construction total valuation of approximately \$30.8 million consisted of both single and multi-family homes. Easy access to Salt Lake City has intensified the role for Park City as a bedroom community. The current economy has continued to show emphasis of new construction of single family homes and remodeling and expanding of commercial buildings.



** Notes: The 2016 number is from January 2016 through July 2016 only.
For activity by fiscal year, please see Schedule 26 of the Statistical Section.*

According to the latest statistics by the Park City Board of Realtors, residential lots sold in Park City range from an average of \$629,250 in the Park Meadows area to an average of \$1,603,333 for lots in the Aerie area. Condominiums range in average sales price from \$208,859 to \$3,629,657, depending upon location. Depending upon the area, single-family homes range from an average sales price of \$975,500 to \$8,265,000. Overall, year over prior year sales, the volume of single-family homes sold was down 9.0 percent, but the median sales price increased by 10.0

percent, over 2015. In contrast, condominium sales showed a volume decrease of 21.0 percent, and the median sales price was up 11.0 percent.

Long-term Financial Planning

Retirement Expense – All full-time Park City employees are part of the Utah Retirement System (URS) defined benefit program. The City is required by statute to contribute a certain percentage of employee pay to URS annually. During fiscal year 2016, URS required an 18.47 percent contribution for general municipal employees (34.04 percent for sworn officers). The required contribution is expected to stay the same for the next fiscal year.

Capital Projects – Being the first year in a biennium budget, the Capital Improvement Project (CIP) Committee ranked and evaluated all current and newly proposed projects in the Five-Year Capital Improvement Plan. The projects are reviewed and ranked based on six criteria: objectives (City Council goals), funding, necessity, previous investment, environmental impact, and cost/benefit. In addition, this year's projects were also evaluated and scored based on projects which significantly contributed to City Council's identified critical priorities.

Relevant Financial Policies

Financial Impact Assessment Report (FIAR) –The FIAR is organized to forecast revenues and operating, capital, and debt service expenditures for the General Fund. The information contained in the report is intended to inform decision makers in the budget process by illustrating potential impacts of current financial decisions on the financial health of the City in both the near and distant future. The figures presented in the FIAR help set the funding limits for both the operating and capital budget process as related to the General Fund and General Fund capital transfer.

The FIAR projections are based on long-range historical trends. As the economic environment of a resort economy fluctuates, the FIAR is intended to act as a long-range measure and reference for future decisions. As the City moves forward, revenue growth will be added and evaluated in context of historical trends and will help form an updated FIAR projection which will guide the City in subsequent budget processes.

Sales Tax – Park City depends on sales tax revenue to fund City services. Sales tax also helps to fund the infrastructure to support special events and tourism. Of the 7.95 percent sales tax on general purchases in Park City, the municipality levies a 1.0 percent local option sales tax, a 1.1 percent resort community tax, a 0.3 percent transit tax, and a voter approved 0.5 percent additional resort community sales and use tax. The proceeds of the additional resort community sales and use tax are received entirely into the City's Capital Improvement Fund or related Debt Service Fund.

Major Initiatives

Net Zero Energy Goal by 2032 – City Council and Park City officially adopted a set of goals that are specific to the environment. Park City became one of the latest in a series of mountain communities to commit to 100 percent renewable electricity. Park City has pledged that the City's electricity would come entirely from renewable sources by the year 2032. This announcement comes on the heels of a similar pledge from Salt Lake City, Utah and a recent commitment from Boulder, Colorado to transition to renewable electricity, showing that mountain communities are taking control of their energy future.

The City is continuing to compete for the \$5 million Georgetown University Energy Prize along with Summit Community Power Works against 50 other energy conscious communities. Four strategic initiatives were the focus of this project: LED light bulbs, smart thermostats, weatherization education and a solar energy program. Stakeholder groups included residents, local government and schools. The finalists will be named in December 2016 and the winner in June 2017.

Update on Major Projects

Water Projects - Water quality and delivery continue to be a top priority for Park City. With the rate of development that has occurred over the past few years, future water needs have been identified and the cost of these improvements is being fairly distributed between users and new development. Capital spending in the Water Fund is reflective of the City's continuing commitment to secure Park City's water needs through improvements to the City's water infrastructure. The Water Fund Financial Model is reviewed and updated annually to assess the long-range operating and capital needs of the Water Fund to determine future water rate increases and bonding needs.

Judge to Spiro Pipeline Project – The Department of Water Quality and Park City Municipal entered into a Stipulated Compliance Order (SCO), which required Park City to develop and implement a plan to address the discharge water at the Judge and Spiro Tunnels. The improvements, in conjunction with additional raw water conveyance and treatment improvements will facilitate the treatment of Judge Tunnel source water and compliance with the SCO. After approximately three years this project was completed in December 2015.

Kimball Junction Transit Center – The 2011 Short Range Transit Plan identified a Transit Center in the Kimball Junction area as a necessity for improving and expanding bus services in Summit County and the Snyderville Basin. Park City, in partnership with Summit County, is constructing a Transit Center adjacent to the Richins Building in Kimball Junction. The land was provided by Summit County and the City was awarded a grant from the Federal Transit Administration which will cover approximately 80 percent of the project costs.

The complex includes a driveway with multiple bus canopies, stalls, parking lots and a 1,780 square foot building. The building will include a public waiting area, restrooms, and a private, multiuse office space for a Summit County Sheriff's Department satellite office and Transit Supervisor work space on the main floor. The facility will provide a centralized location for bus

routes in the Kimball Junction area and serve as a transfer point between routes. The project began in May of 2016 and the completion is estimated for December 2016.

Walkability Projects – On May 22, 2008, City Council approved a recommended list of thirty-six walking and biking capital projects that would be funded through the issuance of \$15.0 million General Obligation Walkability Bonds. As of June 30, 2016, approximately \$11.0 million has been utilized to fund thirty-three of the thirty-six planned projects. Completed projects include Bonanza and Comstock underpasses, Little Kate and Comstock sidewalks, phase one of the Dan’s to Jans corridor, traffic calming improvements in the Prospector area, improvements to McLeod Creek and Farm Trails, and miscellaneous bicycle shoulders, crosswalks and associated signage.

Phase two of the Dan’s to Jans corridor is the last large remaining project to be completed. This project includes the remaining pathway improvements on the east side of Park Avenue and Kearns underpass. The project is scheduled to be completed in 2018.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to Park City Municipal Corporation for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

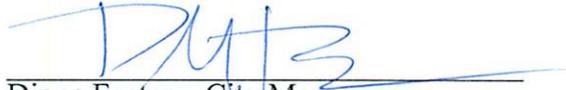
In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last twenty-eight consecutive years, fiscal years 1987-2015. We believe that our current Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

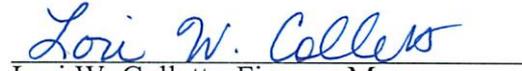
Park City Municipal Corporation also received the Distinguished Budget Presentation Award from the GFOA for the City’s adopted budget for the biennium period beginning July 1, 2009. The City has won this award for fiscal years 1992 and 1993 and the biennium periods beginning 1993, 1997, 1999, 2001, 2003, 2005, 2007, 2009, 2011, 2013 and most recently 2015. In order to qualify for the award program, the City’s budget document was judged proficient in several categories including policy documentation, financial planning and organization.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Finance and Accounting Department. We would like to express our appreciation to Piercy Bowler Taylor & Kern, certified public accountants, for their professional service and assistance. We would also like to thank the Mayor

and members of the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,


Diane Foster – City Manager


Lori W. Collett - Finance Manager

PARK CITY MUNICIPAL CORPORATION, UTAH

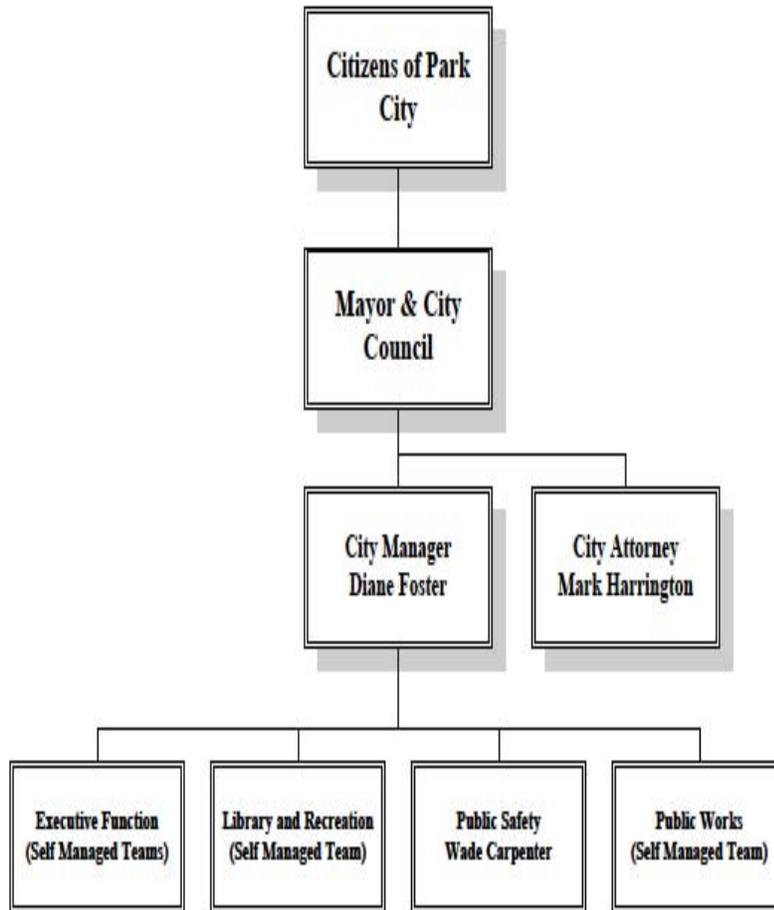
Park City Municipal Building
445 Marsac Avenue
Park City, Utah 84060

MAYOR AND CITY COUNCIL AS OF JUNE 30, 2016

Name	Term Expires
Mayor	
Jack Thomas <i>445 Marsac Avenue Park City, Utah 84060</i>	January 2018
Councilors	
Andy Beerman <i>PO Box 1570 310 Park Avenue Park City, Utah 84060</i>	January 2020
Nannette Worel <i>3412 Solamere Drive Park City, Utah 84060</i>	January 2020
Rebecca Gerber <i>PO Box 744 1710 Iron Horse Drive Loop #A7 Park City, Utah 84060</i>	January 2020
Cindy Matsumoto <i>PO Box 4647 2816 Silver Cloud Drive Park City, Utah 84060</i>	January 2018
Tim Henney <i>PO Box 3927 Park City, Utah 84060</i>	January 2018

Diane Foster, City Manager
Mark Harrington, City Attorney
Lori W. Collett, Finance Manager

PARK CITY MUNICIPAL CORPORATION, UTAH



The above organizational structure also accurately depicts the Park City Redevelopment Agency and the Park City Municipal Building Authority structure.

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Government Finance Officers Association

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

Presented to

**Park City Municipal Corporation
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Members of the City Council
Park City Municipal Corporation, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Park City Municipal Corporation (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, proportionate share of the collective net pension liability information, and proportionate share of statutorily required pension contribution information, on pages 4-21 and 86-89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

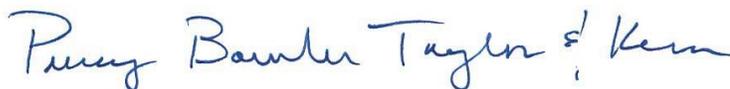
historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, statistical section and schedule of business license fees are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Salt Lake City, Utah
December 15, 2016

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2016

The following narrative is presented to facilitate a better understanding of the City's financial position and results of operations for the year ended June 30, 2016. When read in conjunction with the letter of transmittal and the notes to the financial statements, the financial highlights, overview and analysis should assist the reader to gain a more complete knowledge of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The City's government-wide net position (the amount by which assets and deferred outflows exceed liabilities and deferred inflows) as of June 30, 2016, was \$296,372,898. Of this amount, \$57,077,412 (unrestricted net position) is available to meet ongoing financial obligations.
- The City's government-wide net position increased by \$8,546,971. Of this amount, business-type activities increased by \$1,470,666, a rise of 1.6 percent, and the governmental activities increased by \$7,076,305 a rise of 3.6 percent when compared to last fiscal year.
- The City's governmental funds reported a combined ending fund balance of \$51,885,609 an increase of \$15,179 (0.03 percent) compared to the beginning of this year's fund balance amount. The increase in fund balance in comparison to last fiscal year is attributable to a decrease in unassigned fund balance for the general fund and restricted fund balance for debt service combined with an increase in committed fund balance for capital projects. Of the combined total fund balance, \$6,779,674 is available for spending at the discretion of the City (unassigned fund balance).
- The General Fund is the primary operating fund of the City. The unassigned fund balance of the General Fund at June 30, 2016, totaled \$6,779,674 and is 24.6 percent of the General Fund total revenues for the year and 13.1 percent of total governmental fund balance.
- The City's total debt had a net decrease of \$7,998,024 during fiscal year 2016. This represents an 8.4 percent decrease over the prior year, which is attributable to the effect of the normal reduction in principal balances from required debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

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

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

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

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

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

There are two distinct types of activities reflected in the government-wide statements, i.e. governmental activities, and business-type activities. Governmental activities are those supported primarily by taxes and intergovernmental revenues, while business-type activities are those in which all costs (or at least a significant portion of costs) are intended to be recovered through user fees and charges. The governmental activities for the City include General Government (Council, Mayor, City Attorney, Human Resources, Technical Services, Budget, Debt and Grants, Building, Economy, Community, Environment, Planning, Engineering, Finance, Quinns Recreation Complex and Non-departmental); Public Safety (Police and Communications Center); Public Works (Streets, Snow Removal, Parks, Building Maintenance); Library and Recreation. The business-type activities include Water, Transportation and Parking, and Golf. The Park City Municipal Building Authority, the Park City Redevelopment Agency and the Park City Housing Authority are chartered under Utah law as separate governmental entities. However, the government-wide financial statements include the financial statements of these entities, since the City Council is the appointed board for all three agencies, and these entities are financially accountable to the City. The government-wide financial statements can be found on pages 23-26 of this report.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

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

Governmental Funds – At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation, between the two types of statements is necessary to understand how the numbers differ. Such reconciliations are provided for the reader on pages 30 and 32. The City has four governmental type funds. These are the general fund, special revenue funds, the debt service funds and the capital projects funds. Four of these are considered major funds: General Fund, Sales Tax Revenue and Refunding Debt Service Fund, Park City General Obligation Debt Service Fund and Capital Projects Improvement Fund. The basic governmental fund financial statements can be found on pages 29-33 of this report. A summary of other funds (nonmajor funds) is combined into one “Nonmajor Governmental Funds” column. The composition of the nonmajor funds is shown in the combining statements later in the report in the supplementary information section on pages 92-102.

- The **General Fund** is used to account for all financial resources of the City that are not accounted for by a separate specialized fund. More specifically, the general fund is used to account for ordinary operations such as collection of tax revenues and general government expenditures. The City adopts an annual appropriated budget for the general fund. On page 33, a budgetary comparison statement has been provided for the general fund to demonstrate budgetary compliance.
- **Special Revenue Funds** are used to account for specific revenue sources that are restricted to expenditures for specific purposes.
- **Debt Service Funds** are used to account for the accumulation of resources for the payment of general obligation bonds, special assessment bonds and sales tax revenue and refunding bonds. Therefore, this fund is set up to accumulate the resources used to pay both the interest and principal on bond debt.
- **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital improvements. These funds do not account for capital improvements financed by the proprietary funds.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The City uses both enterprise funds and internal service funds. The basic proprietary fund financial statements can be found on pages 35-39 of this report.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

- **Enterprise Funds** are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City currently operates enterprise funds for the City-owned water system, public transportation system (bus and trolley system), paid parking system and golf course.
- **Internal Service Funds** are used to account for the central financing of goods or services provided to various departments of the City or other governments on a cost-reimbursement basis. The City currently has two internal service funds. The Fleet Services Fund provides vehicle storage, repair and maintenance. The Self-Insurance Fund was established to allow the City to supplement its regular insurance coverage. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The combining statements for internal service funds can be found on pages 104-106 of this report.

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position – The following table presents summary information from the Statement of Net Position for the years ended June 30, 2016 and 2015.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		Total % Change
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Current and other assets	\$ 75.8	\$ 76.8	\$ 39.4	\$ 40.6	\$ 115.2	\$ 117.4	-1.9%
Capital assets	<u>204.8</u>	<u>203.5</u>	<u>99.0</u>	<u>98.4</u>	<u>303.8</u>	<u>301.9</u>	<u>0.6%</u>
Total assets	<u>280.6</u>	<u>280.3</u>	<u>138.4</u>	<u>139.0</u>	<u>419.0</u>	<u>419.3</u>	<u>-0.1%</u>
Total deferred outflows of resources	<u>3.9</u>	<u>1.2</u>	<u>1.4</u>	<u>0.4</u>	<u>5.3</u>	<u>1.6</u>	<u>231.3%</u>
Long-term debt	49.2	54.5	42.3	47.1	91.5	101.6	-9.9%
Other liabilities	<u>11.8</u>	<u>10.6</u>	<u>5.4</u>	<u>1.8</u>	<u>17.2</u>	<u>12.4</u>	<u>38.7%</u>
Total liabilities	<u>61.0</u>	<u>65.1</u>	<u>47.7</u>	<u>48.9</u>	<u>108.7</u>	<u>114.0</u>	<u>-4.6%</u>
Total deferred inflows of resources	<u>18.9</u>	<u>18.9</u>	<u>0.3</u>	<u>0.2</u>	<u>19.2</u>	<u>19.1</u>	<u>0.5%</u>
Net position							
Net investment in capital assets	162.1	159.3	64.2	61.1	226.3	220.4	2.7%
Restricted	7.9	12.9	5.1	5.1	13.0	18.0	-27.8%
Unrestricted	<u>34.6</u>	<u>25.3</u>	<u>22.5</u>	<u>24.1</u>	<u>57.1</u>	<u>49.4</u>	<u>15.6%</u>
Total net position	<u>\$ 204.6</u>	<u>\$ 197.5</u>	<u>\$ 91.8</u>	<u>\$ 90.3</u>	<u>\$ 296.4</u>	<u>\$ 287.8</u>	<u>3.0%</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2016, the City's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$296.4 million (net position), compared to \$287.8 million at June 30, 2015. This would indicate an improved financial position in comparison to last fiscal year. Approximately 76.3 percent at June 30, 2016, and 76.6 percent at June 30, 2015, of these amounts are represented by the investment in capital assets, less debt still outstanding relating to acquisition of those assets (see subsections explaining capital assets and debt below). Due to the nature of these assets (long-term assets which are not readily convertible to liquid assets) they are not considered to be available for spending or appropriation. Although the City's investment in capital assets is reported net of related debt, it should be understood that the repayment of this debt does not come from the capital assets themselves, but comes from other resources. The increase in the City's net investment in capital assets of \$5.9 million was due to routine acquisition of capital assets, repayments of the related debt and depreciation expense.

Restricted net position of \$13.0 million at June 30, 2016, and \$18.0 million at June 30, 2015 represents resources that are subject to external restrictions on how they may be used. The decrease in restricted net position of \$5.0 million reflects the net decrease in restricted net

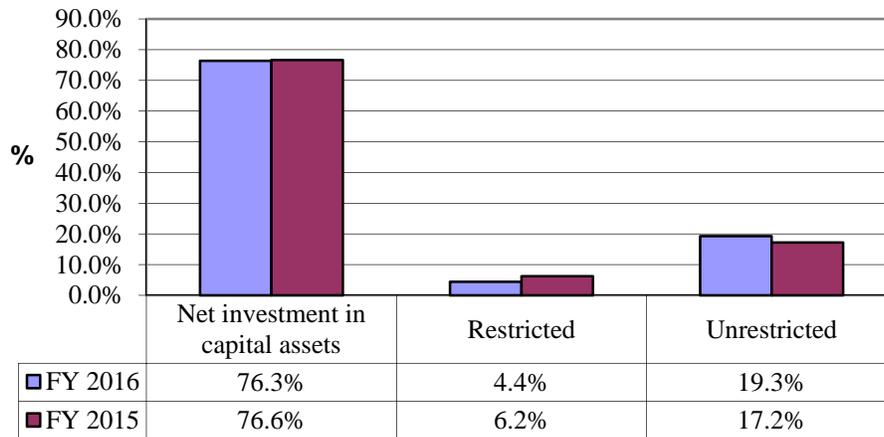
PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

position due to the spending of restricted cash on capital projects. Restricted net position for debt service and other remained the same from fiscal year 2015.

The other sub-classification of net position is unrestricted. The balance of approximately \$57.1 million at June 30, 2016, which is unrestricted, denotes that this amount may be used to meet general, on-going financial obligations without constraints established by debt covenants or other legal requirements. Unrestricted net position increased \$7.7 million from last fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

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

Park City Municipal Corporation
Net Position Percentage
June 30, 2016 and 2015



PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

Changes in Net Position - As taken from the Statement of Activities, the following table depicts the changes in net position for fiscal years 2016 and 2015.

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

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2016	2015	2016	2015	2016	2015	
Revenues							
Program Revenues							
Charges for services	\$ 5.3	\$ 6.2	\$ 20.8	\$ 19.5	\$ 26.1	\$ 25.7	1.6%
Operating grants and contributions	0.2	0.1	-	1.6	0.2	1.7	-88.2%
Capital grants and contributions	0.3	2.5	2.0	4.2	2.3	6.7	-65.7%
General Revenues							
Property Tax	18.5	18.1	-	-	18.5	18.1	2.2%
Other Taxes	19.5	17.9	4.9	4.4	24.4	22.3	9.4%
Investment earnings	0.4	0.2	0.3	0.4	0.7	0.6	16.7%
Other	1.8	0.8	0.4	0.5	2.2	1.3	69.2%
Total revenues	46.0	45.8	28.4	30.6	74.4	76.4	-2.6%
Expenses							
General government	19.7	19.2	-	-	19.7	19.2	2.6%
Public safety	5.7	5.3	-	-	5.7	5.3	7.5%
Public works	7.1	7.0	-	-	7.1	7.0	1.4%
Library and recreation	5.6	4.6	-	-	5.6	4.6	21.7%
Interest on long-term debt	1.5	1.3	-	-	1.5	1.3	15.4%
Water	-	-	12.9	11.9	12.9	11.9	8.4%
Transportation and parking	-	-	11.8	10.8	11.8	10.8	9.3%
Golf course	-	-	1.5	1.5	1.5	1.5	0.0%
Total expenses	39.6	37.4	26.2	24.2	65.8	61.6	6.8%
Increase in net position before transfers	6.4	8.4	2.2	6.4	8.6	14.8	-41.9%
Transfers	0.7	0.7	(0.7)	(0.7)	-	-	0.0%
Increase in net position	7.1	9.1	1.5	5.7	8.6	14.8	0.0%
Net position beginning	197.5	188.4	90.3	84.6	287.8	273.0	5.4%
Net position ending	\$ 204.6	\$ 197.5	\$ 91.8	\$ 90.3	\$ 296.4	\$ 287.8	3.0%

Net position increased from governmental activities in fiscal year 2016 approximately \$7.1 million and increased \$9.1 million in fiscal year 2015. The increase is primarily from increased sales and resort taxes. Expenses for governmental activities increased \$2.2 million. The reasons for this increase are discussed in the following section for governmental activities.

Net position increased \$1.5 million in fiscal year 2016 and increased \$5.7 million in 2015 for business-type activities. The revenues for business-type activities slightly increased in charges for services due to a new monthly water pumping surcharge fee of up to \$2.25 per customer.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

Operating grants and contributions decreased in the Transportation and Parking Fund and capital grants and contributions decreased in the Water Fund.

Revenues – For the year ended June 30, 2016, the City’s government-wide total revenues are approximately \$74.4 million as compared to the prior year total revenues of \$76.4 million. Key elements of this change were as follows:

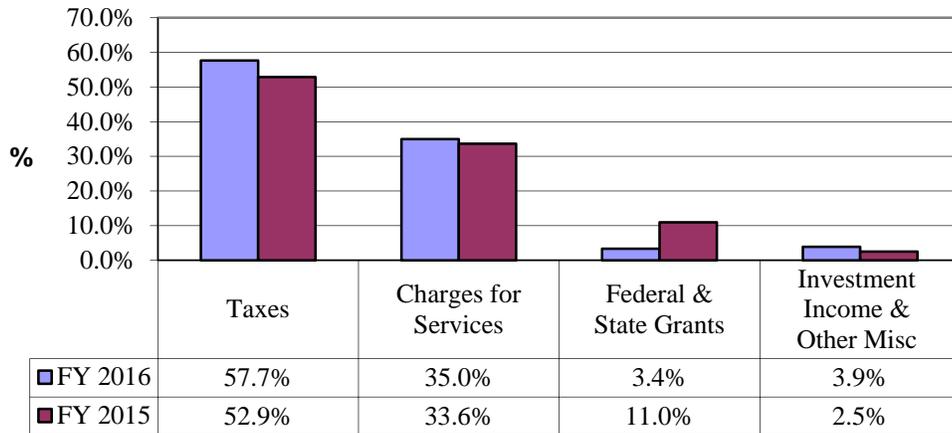
- Of the City’s total revenues, approximately 57.7 percent in fiscal year 2016 and 52.9 percent in fiscal year 2015 resulted from taxes, of which the majority was from general sales and use taxes and resort taxes as shown in the following table:

	Tax Revenues		Total % Change
	2016	2015	
Property tax, levied for general purposes	\$ 14.8	\$ 12.8	15.63%
Property tax, levied for debt service	3.7	5.3	-30.19%
General sales and use tax	10.0	9.1	9.89%
Franchise tax	3.2	3.1	3.23%
Resort tax	11.2	10.1	10.89%
Total	\$ 42.9	\$ 40.4	6.19%

- Charges for services increased in fiscal year 2016 approximately \$0.4 million and increased from 33.6 percent of total revenues in fiscal year 2015 to 35.0 percent in fiscal year 2016. The \$0.4 million increase is primarily due to increased water service fees.
- Operating and capital contributions and grants decreased to 3.4 percent of total revenues in fiscal year 2016 as compared to 11.0 percent in fiscal year 2015. This was a result of a decrease in operating grants in the business type activities and a decrease in capital grants in both business type and governmental activities.
- Investment and other income, which is a combination of interest earnings and changes in the fair value of investments, and other miscellaneous income sources increased to 3.9 percent of total revenues in fiscal year 2016 from 2.5 percent in fiscal year 2015. The \$1.0 million increase is due to a one-time sale of property and increased interest earnings.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

Government-Wide Revenues by Source
June 30, 2016 and 2015



Expenses - The City's government-wide total expenses cover a range of services. For the year ended June 30, 2016, the City's total expenses are \$65.8 million compared to the prior year of \$61.6 million. Of the \$4.2 million increase, general government expenses increased \$0.5 million, public safety increased \$0.4 million, public works increased \$0.1 million, library and recreation increased \$1.0 million and interest on long-term debt increased \$0.2 million. Business-type activities increased \$2.0 million.

Governmental Activities:

Revenue Highlights:

- Taxes comprise the largest source of revenue for the City's governmental activities: Approximately \$38.0 million or 82.6 percent in fiscal year 2016 and \$36.0 million or 77.4 percent in fiscal year 2015 of total revenues from governmental activities. The \$2.0 million increase is the combination of the increased receipts of sales, resort and property taxes. Of total taxes, real property taxes are approximately \$18.5 million (48.6 percent) in fiscal year 2016 and \$18.1 million (50.3 percent) in fiscal year 2015.
- Charges for services decreased to \$5.3 million or 11.5 percent of total revenues in fiscal year 2016 from \$6.2 million or 13.4 percent of total revenues in fiscal year 2015. The decrease in 2016 was a result of collecting less building and permit fees.
- Grant and contribution revenue represents approximately \$0.5 million or 1.0 percent in fiscal year 2016 and \$2.6 million or 5.4 percent in fiscal year 2015 of total revenues. The \$2.1 million decrease was the result of a decrease in capital grants and contributions. The decrease in capital grants was from a decrease of \$2.0 million in the State award from the Utah Governor's Office of Economic Development for Main Street improvements along with a decrease in federal funding.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

Expense Highlights:

- General government expenses of \$19.7 million in fiscal year 2016 and \$19.2 million in fiscal year 2015 represented 49.7 percent in fiscal year 2016 and 51.3 percent in fiscal year 2015 of total expenses from governmental activities. General government includes City Council, Mayor, City Attorney, Human Resources, Technical and Customer Services, Budget, Debt and Grants, Building, Economy, Community and Environment, Planning, Engineering, Finance, Quinns Recreation Complex, Lower Park Avenue Redevelopment Agency, Main Street Redevelopment Agency, and Non-departmental.
- Public Works, accounted for approximately \$7.1 million or 17.9 percent in fiscal year 2016 and \$7.0 million or 18.7 percent in fiscal year 2015 of total expenses.
- Public Safety expenses were \$5.7 million or 14.3 percent in fiscal year 2016 and \$5.3 million or 14.2 percent in fiscal year 2015. The increase was primarily due to increases in salaries and benefits along with increases in contract services.
- Library and Recreation expenses were \$5.6 million or 14.1 percent in fiscal year 2016 and \$4.6 million or 12.4 percent in fiscal year 2015. The \$1.0 million increase is the result of increases in salaries and benefits along with increased utilities related to the new library facility.

As a result, total net expenses that were funded by general revenues were \$33.9 million. Tax revenues of \$38.0 million were sufficient to fund net expenses in fiscal year 2016.

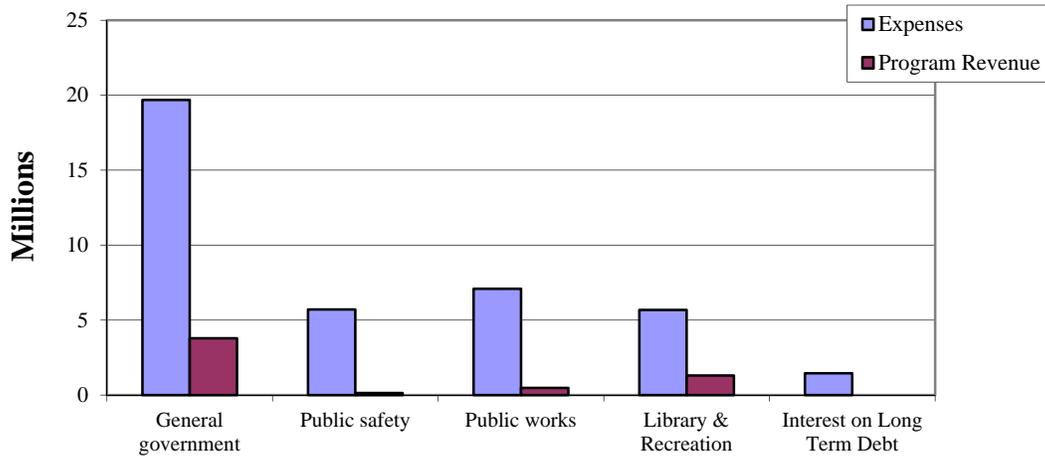
The following presents the costs and net costs (total cost less fees generated by the activities and intergovernmental aid) of the City's programs:

Park City Municipal Corporation
Costs of Governmental Activities
(in millions of dollars)

	Total Cost of Services		Net Cost of Services	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General government	\$ 19.7	\$ 19.2	\$ 15.9	\$ 12.4
Public safety	5.7	5.3	5.6	5.1
Public works	7.1	7.0	6.6	6.4
Library and recreation	5.6	4.6	4.3	3.4
Interest on long term debt	1.5	1.3	1.5	1.3
Total	\$ 39.6	\$ 37.4	\$ 33.9	\$ 28.6

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016**

**Expense and Program Revenue-Governmental Activities*
Fiscal Year 2016**



*Based on Government-Wide Financial Statements. See page 25

Business-type Activities:

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

Revenue Highlights:

- Charges for services for business-type activities increased approximately \$1.3 million in fiscal year 2016 primarily due to a new monthly water pumping surcharge.
- Operating and capital grants and contributions decreased approximately \$3.8 million from fiscal year 2015 to fiscal year 2016. The decrease was primarily due to the reduction in funding from the federal government.
- Combined general sales and use tax and transit resort tax increased approximately \$0.5 million from fiscal year 2015 to fiscal year 2016. In fiscal year 2016, an increase in visitors to Park City increased sales and resort tax.

Expense Highlights:

- Salaries and benefits increased by \$1.4 million in 2016. The Water Fund accounted for \$0.4 million of the increase. The \$1.0 million increase in the Transportation and Parking Fund was due to an increase in the number of full-time benefitted positions that were previously filled by part-time and seasonal staff.
- Supplies, maintenance and services increased by \$1.1 million in fiscal year 2016. The \$0.9 million increase in the Water Fund was due to improvements to wells and water treatment

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016**

plants. The \$0.2 million increase in the Transportation Fund was due to the use of outside consultants for the long-range transportation and parking plan.

- Energy and utilities decreased by \$0.2 million in fiscal year 2016. This is a result of energy saving projects throughout the City.

Business Type Funds - Program Revenues and Expenses*



*See Page 25

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources available for appropriation. Such information is useful in assessing the City's financing requirements. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The City classified fund balances into the following five categories: nonspendable, restricted, committed, assigned and unassigned. In particular, unassigned fund balance is a useful measure of the City's net resources available for spending at the end of the fiscal year. More detailed information about GASB Statement No. 54 is presented in Note A, Section 5, on page 46.

As of June 30, 2016, the aggregate fund balance of the City's governmental funds was \$51.9 million, an increase of \$0.1 million in comparison with the fiscal year ended June 30, 2015. In fiscal year 2016, approximately \$6.8 million or 13.1 percent of this amount is in unassigned fund balance. Unassigned fund balance category is available for appropriation by the City Council at their discretion.

Restricted fund balance has externally enforceable limitations on use and is not available for new spending. Restricted fund balance is approximately \$7.9 million in fiscal year 2016 and \$12.9 million in fiscal year 2015. Restricted capital improvement funds will be used to pay for several large dollar construction projects in future fiscal years.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

The remainder of the fund balance of \$37.2 million is committed. Of the \$37.2 million committed fund balance, \$34.9 million is committed to capital projects, \$1.8 million is committed to debt service and \$0.5 million is committed to special revenue. In fiscal year 2015 committed fund balance was approximately \$32.1 million and \$29.9 million was committed to capital projects and \$2.2 million to debt service.

The General Fund is the principal operating fund of the City. Utah State code establishes a 5.0 percent minimum (\$1,644,371) and a 25.0 percent maximum (\$8,221,856) limit to the amount that may be accumulated as the fund balance in the General Fund. As of June 30, 2016 the unassigned fund balance of the General Fund was \$6,779,674 and was \$1,442,182 below the 25.0 percent limit. The unassigned fund balance decreased by \$56,519 in 2016. The unassigned fund balance in fiscal year 2015 increased \$165,477.

As of June 30, 2016, the restricted fund balance in the Capital Improvements Fund was \$6.3 million and the committed fund balance was \$30.8 million. In fiscal year 2015 the restricted fund balance was \$7.4 million and the committed fund balance was \$25.7 million. The \$1.1 million decrease in restricted fund balance is due to the spending of 2013A General Obligation Bond proceeds. The \$5.1 million increase in committed fund balances resulted from decreased capital outlay spending.

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

Net position of the City's enterprise funds totaled approximately \$91.8 million at June 30, 2016, as compared to \$90.4 million at the end of fiscal year 2015. Net position at the end of fiscal year 2016 and 2015 for each of these funds were:

Park City Municipal Corporation
Proprietary Funds

<u>Fund</u>	<u>Amount</u>		<u>Change</u>
	<u>2016</u>	<u>2015</u>	
Water	\$ 51,912,067	\$ 48,837,503	\$ 3,074,564
Transportation and parking	36,696,807	38,317,104	(1,620,297)
Golf course	3,153,195	3,259,638	(106,443)
Total	<u>\$ 91,762,069</u>	<u>\$ 90,414,245</u>	<u>\$ 1,347,824</u>

The net increase in net position from the prior year was \$1.4 million as compared to an increase of \$5.8 million in fiscal year 2015. Operating revenues increased \$1.3 million as compared to an increase of 1.4 million in fiscal year 2015. The Water Fund operating revenues increased \$1.0 million. As noted earlier in the discussion of business-type activities, increased water fees resulted from a new monthly water pumping surcharge effective July 1, 2015. The Transportation Fund operating revenues increased \$0.2 million compared to fiscal year 2015.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

The increase is attributable to increases in parking meter and regional transit revenue. The Golf Fund operating revenues remained the same at \$1.4 million.

Transportation and Parking Fund net investment in capital assets decreased by \$1.0 million in fiscal year 2016 primarily due to routine acquisition and disposition of capital assets net of depreciation expense. Unrestricted net position decreased \$0.6 million.

Water Fund net investment in capital assets increased by \$4.3 million, restricted net position remained the same and unrestricted net position decreased by \$1.3 million resulting in a net increase of total net position of \$3.0 million. The increase in net investment in capital assets was due to the net of acquisition of capital assets, repayment of related debt, and depreciation expense.

Golf Fund net investment in capital assets decreased \$0.2 million due to depreciation expense. Unrestricted net position increased \$0.1 million due to increased play.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Differences between the original budget and the final amended budget for expenditures of \$1.6 million (net increase) can be briefly summarized as follows:

- \$1.5 million increase in appropriations for general government was due to lump merit awards and vacancy factor allocations.
- \$0.1 million combined increase in public safety, public works, and library and recreation department budgets were also due to lump merit awards and vacancy factor allocations.

Total actual expenditures came in \$1.4 million below the final budget. All departments remained within their legal spending authority. The differences between actual and the final budget can be briefly summarized as follows:

- The final budget was \$1.0 million more than the actual expenditures in general government. This variance is attributable to expenditures under budget in salaries and benefits.
- The final budget in public safety was \$0.1 more than actual expenditures. The variance is attributable to expenditures under budget in salaries and benefits.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

- The final budget was \$0.2 million more than actual expenditures in public works. This variance is attributable to expenditures under budget in salaries, benefits and utilities.
- The final budget was \$0.1 more than actual expenditures in library and recreation. The variance is attributable to expenditures under budget in salaries, benefits and utilities.

Actual revenues of \$27.5 million were \$0.2 million more than the budgeted revenues of \$27.3 million. See Note L-Budget Reconciliation on page 82 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets for its governmental and business-type activities totaled \$303.8 million (net of \$178.4 million accumulated depreciation) at June 30, 2016, as compared to \$301.9 million (net of \$169.2 million accumulated depreciation) at June 30, 2015. This investment in capital assets includes land and water rights, buildings, improvements other than buildings, vehicles and equipment, art, intangibles, infrastructure and construction in progress.

Major capital asset additions during the year ended June 30, 2016 included:

Governmental Activities:

- \$2.2 million Historic Main Street Improvements
- \$1.1 million purchase of land at 1364 Woodside Ave
- \$1.0 million Park Avenue Pathway Improvements
- \$0.8 million Deer Valley Drive Infrastructure
- \$0.8 million City Hall Plaza (Bob Wells Plaza)

Business-type Activities:

- \$5.8 million Judge to Spiro pipeline
- \$1.6 million water SCADA and telemetry system upgrade
- \$0.5 million Kimball Junction Transit Center

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total % Change</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Land and water rights	\$ 109.6	\$ 109.8	\$ 20.3	\$ 20.3	\$ 129.9	\$ 130.1	-0.2%
Infrastructure	115.0	108.4	-	-	115.0	108.4	6.1%
Buildings	43.3	43.0	17.3	17.3	60.6	60.3	0.5%
Art	0.7	0.6	0.1	0.1	0.8	0.7	14.3%
Improvements other than buildings	37.3	36.7	86.7	81.1	124.0	117.8	5.3%
Vehicles and equipment	12.3	12.5	22.7	22.2	35.0	34.7	0.9%
Construction in progress	5.0	6.0	5.9	7.1	10.9	13.1	-16.8%
Intangibles	5.9	5.9	0.1	0.1	6.0	6.0	0.0%
Accumulated depreciation	(124.3)	(119.4)	(54.1)	(49.8)	(178.4)	(169.2)	5.4%
Total Assets	<u>\$ 204.8</u>	<u>\$ 203.5</u>	<u>\$ 99.0</u>	<u>\$ 98.4</u>	<u>\$ 303.8</u>	<u>\$ 301.9</u>	<u>0.6%</u>

Additional information on the City's capital assets can be found in Note D-Capital Assets on pages 58-59 of this report.

Long-term Debt: At June 30, 2016, the City had \$90.4 million in bonds and contracts payable, a decrease of 8.6 percent from fiscal year 2015. Of this amount \$26.0 million is considered to be general obligation debt and backed by the full faith and credit of the City. Debt that is secured solely by specific revenue sources is \$64.4 million.

The City's general obligation bonds Series 2013A and 2013B are rated Aa1 by Moody's, AA+ by Standard and Poor's and AA+ by Fitch. Standard and Poor's has assigned a rating of "AA-" to the most recent Series 2015 Sales Tax Revenue Bonds. The City's 2013 and 2014 Water Revenue Bonds are rated Aa2 by Moody's and AA by Standard and Poor's. The City's long-term obligations for the fiscal years 2016 and 2015 were as follows:

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		Total % Change
	2016	2015	2016	2015	2016	2015	
Contracts payable	\$ -	\$ 0.1	\$ -	\$ -	\$ -	\$ 0.1	-100.0%
General obligation bonds	26.0	29.3	-	-	26.0	29.3	-11.3%
Revenue bonds	22.4	24.3	42.0	45.2	64.4	69.5	-7.3%
Total debt	<u>\$ 48.4</u>	<u>\$ 53.7</u>	<u>\$ 42.0</u>	<u>\$ 45.2</u>	<u>\$ 90.4</u>	<u>\$ 98.9</u>	<u>-8.6%</u>

The State of Utah mandates a general obligation debt limit of 4.0 percent of total assessed value of \$7,820,403,966. The current limitation for the City is \$312,816,159 which is significantly in excess of the City's outstanding general obligation debt. The City's net debt subject to this limitation was \$26,009,111 or 0.3 percent of total assessed value, leaving the amount available for future indebtedness at \$286,807,048. See Schedule 17 on page 127 of this report.

More detailed information about the City's long-term liabilities is presented in Note E-Long-term Obligations on pages 60-72 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate for Summit County (of which Park City is the largest city) was 3.4 percent compared with the State unemployment rate of 4.0 percent, and a national rate of 4.9 percent. This compares with a rate of 3.2 percent for Summit County in 2015. (Sources: Utah Dept. of Workforce Services and Bureau of Labor Statistics)
- The fiscal year 2017 City budget does not include a property tax increase. The City Council recently adopted the certified tax rate for the General Fund. In accordance with Utah Statutes, the certified tax rate is intended to generate the same amount of property tax revenue as was received the prior year plus revenue for "new growth" occurring in the City. All other revenue sources have been estimated on a conservative basis using a multi-year trend analysis and assuming no significant changes in the local economy. The City's approach to budgeting includes preparation of a five-year capital plan. The long-term nature of the City's financial planning system allows decision makers to better understand the true effect of policy decisions. One of the most powerful aspects of the multi-year financial planning is its capability to recognize trends over time and begin at an early point to consider the necessary steps to alter the long-term forecasted position of the City.
- The rates and fees for most services remained constant for fiscal year 2017 compared with the prior fiscal year except for a new storm water fee of \$3.75 per equivalent surface unit (ESU) that was added in the Storm Water Fund. In the Water Fund the water base rate was increased 2.0 percent along with an increase to the energy surcharge of \$0.28 to \$0.83 per

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2016

1,000 gallons effective July 1, 2016. The City anticipates rate increases each year over the next several years in order to provide adequate working capital necessary to maintain the water and storm water systems.

Contacting City Management

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

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BASIC FINANCIAL STATEMENTS

Park City Municipal Corporation, Utah
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash, cash equivalents and investments	\$ 46,601,195	\$ 30,675,762	\$ 77,276,957
Restricted cash and cash equivalents, fiscal agent	1,562,047	5,128,238	6,690,285
Restricted cash, cash equivalents and investments, other	6,312,535	-	6,312,535
Receivables:			
Taxes	20,294,701	445,770	20,740,471
Accounts	329,461	2,223,978	2,553,439
Notes	314,353	-	314,353
Internal balances	11,403	(11,403)	-
Inventories	341,187	431,649	772,836
Prepays	-	528,089	528,089
Capital assets not being depreciated:			
Land and water rights	109,567,887	20,270,189	129,838,076
Construction in progress	5,030,763	5,900,722	10,931,485
Art	718,619	109,214	827,833
Capital assets (net of accumulated depreciation):			
Buildings	30,805,034	11,312,158	42,117,192
Improvements other than buildings	18,637,633	51,664,789	70,302,422
Vehicles and equipment	5,415,444	9,643,060	15,058,504
Infrastructure	29,114,178	-	29,114,178
Intangibles	5,602,271	50,620	5,652,891
Net pension asset	2,876	4,785	7,661
Total assets	<u>280,661,587</u>	<u>138,377,620</u>	<u>419,039,207</u>
Deferred outflows of resources			
Deferred charge on refunding	-	7,477	7,477
Deferred outflows of resources related to pensions	3,860,782	1,416,960	5,277,742
Total deferred outflows of resources	<u>\$ 3,860,782</u>	<u>\$ 1,424,437</u>	<u>\$ 5,285,219</u>

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

Park City Municipal Corporation, Utah
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 2,019,347	\$ 2,224,051	\$ 4,243,398
Accrued liabilities	2,392,957	475,344	2,868,301
Long-term debt due within one year:			
Compensated absences	272,697	158,861	431,558
General obligation bonds	3,300,000	-	3,300,000
Revenue bonds	1,550,000	2,980,000	4,530,000
Long-term debt due in more than one year:			
Compensated absences	541,858	139,555	681,413
General obligation bonds	22,709,111	-	22,709,111
Revenue bonds	20,843,581	39,061,117	59,904,698
Net pension liability	7,372,849	2,736,816	10,109,665
Total liabilities	<u>61,002,400</u>	<u>47,775,744</u>	<u>108,778,144</u>
Deferred inflows of resources			
Property taxes	17,605,701	-	17,605,701
Deferred gain on refunding	425,561	-	425,561
Deferred inflows of resources related to pensions	866,475	275,647	1,142,122
Total deferred inflows of resources	<u>18,897,737</u>	<u>275,647</u>	<u>19,173,384</u>
Net Position			
Net investment in capital assets	162,071,121	64,172,905	226,244,026
Restricted for:			
Debt service	2,496	5,128,238	5,130,734
Capital projects	7,872,086	-	7,872,086
Other	48,640	-	48,640
Unrestricted	34,627,889	22,449,523	57,077,412
Total net position	<u>\$204,622,232</u>	<u>\$ 91,750,666</u>	<u>\$296,372,898</u>

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

Park City Municipal Corporation, Utah
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Primary government:					
Governmental activities:					
General government	\$ 19,676,565	\$ 3,734,852	\$ -	\$ 51,044	\$ (15,890,669)
Public safety	5,705,960	3,996	133,437	-	(5,568,527)
Public works	7,088,647	200,761	-	273,606	(6,614,280)
Library and recreation	5,671,823	1,295,132	12,267	-	(4,364,424)
Interest on long-term debt	1,456,433	-	-	-	(1,456,433)
Total governmental activities	<u>39,599,428</u>	<u>5,234,741</u>	<u>145,704</u>	<u>324,650</u>	<u>(33,894,333)</u>
Business-type activities:					
Water	12,934,161	15,205,729	-	1,183,187	3,454,755
Transportation and parking	11,801,545	4,497,989	-	773,239	(6,530,317)
Golf course	1,541,601	1,139,839	-	-	(401,762)
Total business-type activities	<u>26,277,307</u>	<u>20,843,557</u>	<u>-</u>	<u>1,956,426</u>	<u>(3,477,324)</u>
Total primary government	<u>\$ 65,876,735</u>	<u>\$ 26,078,298</u>	<u>\$ 145,704</u>	<u>\$ 2,281,076</u>	<u>\$ (37,371,657)</u>

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

Park City Municipal Corporation, Utah
Statement of Activities
For the Year Ended June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	\$ (33,894,333)	\$ (3,477,324)	\$ (37,371,657)
General revenues:			
Property tax, levied for general purposes	14,755,299	-	14,755,299
Property tax, levied for debt service	3,723,453	-	3,723,453
General sales and use tax	5,180,094	4,877,098	10,057,192
Franchise tax	3,185,820	-	3,185,820
Resort tax	11,154,870	-	11,154,870
Investment earnings	434,588	327,289	761,877
Gain on sale of capital assets	492,730	-	492,730
Miscellaneous	1,328,784	458,603	1,787,387
Transfers	715,000	(715,000)	-
Total general revenues and transfers	<u>40,970,638</u>	<u>4,947,990</u>	<u>45,918,628</u>
Change in net position	7,076,305	1,470,666	8,546,971
Net position—beginning	<u>197,545,927</u>	<u>90,280,000</u>	<u>287,825,927</u>
Net position—end of year	<u><u>\$ 204,622,232</u></u>	<u><u>\$ 91,750,666</u></u>	<u><u>\$ 296,372,898</u></u>

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

Park City Municipal Corporation



GOVERNMENTAL FUNDS

FINANCIAL STATEMENTS

Major Funds

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

Debt Service - Sales Tax Revenue and Refunding Bonds Fund - Accounts for the accumulation of money for the repayment of the 2010, 2014A and B and 2015 Sales Tax Revenue and Refunding Bonds.

Debt Service - Park City General Obligation Fund - Accounts for the accumulation of money for the repayment of the 2008, 2009, 2010, 2013 and 2014 General Obligation Bonds. The principal source of revenue is property tax.

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

Park City Municipal Corporation, Utah
Balance Sheet
Governmental Funds
June 30, 2016

	General	Debt Service -Sales Tax Revenue and Refunding	Debt Service - Park City General Obligation	Capital Projects - Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash, cash equivalents and investments	\$ 6,697,948	\$ 1,281,351	\$ 535,916	\$ 30,907,048	\$ 4,821,453	\$ 44,243,716
Restricted cash, cash equivalents and investments, fiscal agent	-	1,561,679	368	-	-	1,562,047
Restricted cash, cash equivalents and investments, other	-	-	-	6,312,535	-	6,312,535
Receivables						
Taxes	11,178,598	-	4,282,803	378,468	3,693,239	19,533,108
Accounts	112,234	-	-	127,460	801	240,495
Notes	10,000	-	-	304,353	-	314,353
Other assets	42,463	-	-	-	-	42,463
Total assets	<u>\$ 18,041,243</u>	<u>\$ 2,843,030</u>	<u>\$ 4,819,087</u>	<u>\$ 38,029,864</u>	<u>\$ 8,515,493</u>	<u>\$ 72,248,717</u>
Liabilities						
Accounts payable	\$ 767,260	\$ -	\$ 500	\$ 651,776	\$ 224,590	\$ 1,644,126
Accrued liabilities	798,928	-	-	-	-	798,928
Total liabilities	<u>1,566,188</u>	<u>-</u>	<u>500</u>	<u>651,776</u>	<u>224,590</u>	<u>2,443,054</u>
Deferred inflows of resources						
Unavailable revenue-property tax	9,636,741	-	4,282,803	-	3,686,157	17,605,701
Unavailable revenue-notes	10,000	-	-	304,353	-	314,353
Total deferred inflows of resources	<u>9,646,741</u>	<u>-</u>	<u>4,282,803</u>	<u>304,353</u>	<u>3,686,157</u>	<u>17,920,054</u>
Fund Balances						
Restricted:						
Capital projects	-	1,559,551	-	6,312,535	-	7,872,086
Debt service	-	2,128	368	-	-	2,496
Drug and tobacco enforcement	48,640	-	-	-	-	48,640
Committed:						
Capital projects funds	-	-	-	30,761,200	4,087,988	34,849,188
Debt service funds	-	1,281,351	535,416	-	-	1,816,767
Special revenue funds	-	-	-	-	516,758	516,758
Unassigned	6,779,674	-	-	-	-	6,779,674
Total fund balances	<u>6,828,314</u>	<u>2,843,030</u>	<u>535,784</u>	<u>37,073,735</u>	<u>4,604,746</u>	<u>51,885,609</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,041,243</u>	<u>\$ 2,843,030</u>	<u>\$ 4,819,087</u>	<u>\$ 38,029,864</u>	<u>\$ 8,515,493</u>	<u>\$ 72,248,717</u>

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

Park City Municipal Corporation, Utah
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 51,885,609
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		204,891,829
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Taxes receivable	761,593	
Interest receivable	21,032	
Net pension asset	2,495	785,120
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		1,919,225
Certain items not accounted for as unavailable under accrual accounting.		314,353
Pollution remediation liability not reported in the funds.		(1,384,500)
Long-term liabilities, including bonds payable and net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year-end consist of:		
Compensated absences	(750,488)	
Revenue bonds	(21,305,000)	
General obligation bonds	(25,635,000)	
Deferred bond premiums and discounts	(1,462,692)	
Deferred gain on debt refunding	(425,561)	
Accrued interest on the bonds	(169,592)	
Net pension liability	(6,836,880)	(56,585,213)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	3,618,588	
Deferred inflows of resources related to pensions	(822,779)	2,795,809
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 204,622,232

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

Park City Municipal Corporation, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General	Debt Service - Sales Tax Revenue and Refunding	Debt Service - Park City General Obligation	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes and special assessments	\$ 21,731,649	\$ -	\$ 3,723,453	\$ 8,897,706	\$ 841,654	\$ 35,194,462
Licenses and permits	2,462,374	-	-	-	-	2,462,374
Intergovernmental	133,437	-	-	336,917	2,817,710	3,288,064
Charges for services	2,119,339	-	-	-	-	2,119,339
Fines and forfeitures	26,902	-	-	-	-	26,902
Investment income	102,251	33,338	421	276,214	22,364	434,588
Impact fees	-	-	-	425,365	-	425,365
Rental and other	969,528	-	62,428	514,048	-	1,546,004
Total revenues	<u>27,545,480</u>	<u>33,338</u>	<u>3,786,302</u>	<u>10,450,250</u>	<u>3,681,728</u>	<u>45,497,098</u>
Expenditures						
Current						
General government	14,604,316	-	-	-	-	14,604,316
Public safety	5,349,433	-	-	-	-	5,349,433
Public works	4,878,647	-	-	-	-	4,878,647
Library and recreation	3,824,435	-	-	-	-	3,824,435
Capital outlay	-	-	-	8,793,292	3,160,704	11,953,996
Economic development	-	-	-	-	951,268	951,268
Debt service						
Principal	-	1,810,000	3,215,000	93,024	-	5,118,024
Interest	-	782,290	999,542	6,976	-	1,788,808
Total expenditures	<u>28,656,831</u>	<u>2,592,290</u>	<u>4,214,542</u>	<u>8,893,292</u>	<u>4,111,972</u>	<u>48,468,927</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,111,351)</u>	<u>(2,558,952)</u>	<u>(428,240)</u>	<u>1,556,958</u>	<u>(430,244)</u>	<u>(2,971,829)</u>
Other financing sources (uses)						
Sale of capital assets	-	-	-	-	755,648	755,648
Transfers in	2,256,360	2,589,562	-	3,715,347	3,404,125	11,965,394
Transfers out	(1,200,089)	(3,715,347)	-	(1,297,588)	(3,521,010)	(9,734,034)
Total other financing sources (uses)	<u>1,056,271</u>	<u>(1,125,785)</u>	<u>-</u>	<u>2,417,759</u>	<u>638,763</u>	<u>2,987,008</u>
Change in fund balances	(55,080)	(3,684,737)	(428,240)	3,974,717	208,519	15,179
Fund balances - beginning	6,883,394	6,527,767	964,024	33,099,018	4,396,227	51,870,430
Fund balances - ending	<u>\$ 6,828,314</u>	<u>\$ 2,843,030</u>	<u>\$ 535,784</u>	<u>\$ 37,073,735</u>	<u>\$ 4,604,746</u>	<u>\$ 51,885,609</u>

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

Park City Municipal Corporation, Utah
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Change in fund balances—total governmental funds		\$ 15,179
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay	7,701,302	
Depreciation expense	<u>(6,074,135)</u>	1,627,167
<p>In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds, proceeds from sales increase financial resources.</p>		
		(262,918)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Taxes receivable	3,543	
Interest receivable	920	
Unavailable revenue	<u>(32,823)</u>	(28,360)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Premiums and discounts associated with the issuance of debt are reported as other financing sources (uses) in the governmental funds, but in the statement of activities they are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position.</p>		
Principal repayments on long-term debt	5,118,024	
Amortization of bond premiums and discounts	<u>309,222</u>	5,427,246
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		(34,637)
<p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
Pension contributions	2,298,493	
Actuarial calculated pension expense	<u>(2,066,092)</u>	232,401
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. Internal service fund net gain of \$223,069 plus amount allocated to business-type activities of \$11,403 and reversal of prior year allocation of (\$134,245).</p>		
		<u>100,227</u>
Change in net position of governmental activities		<u><u>\$ 7,076,305</u></u>

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

Park City Municipal Corporation, Utah
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
General property tax	\$ 9,867,000	\$ 9,867,000	\$ 10,498,167	\$ 631,167
Delinquent taxes	597,000	597,000	610,404	13,404
General sales and use taxes	4,358,755	5,086,972	5,180,094	93,122
Franchise taxes	3,414,000	3,144,000	3,185,820	41,820
Resort taxes	3,995,181	2,329,860	2,257,164	(72,696)
Licenses and permits				
Business licenses	449,000	504,000	456,599	(47,401)
Building permits	952,000	1,395,000	1,135,681	(259,319)
Plan application fees	152,000	173,000	179,230	6,230
Building fees	435,000	705,000	557,576	(147,424)
Other	43,000	49,000	133,288	84,288
Intergovernmental				
Federal contribution	60,000	36,000	64,321	28,321
State liquor allotment	62,000	44,000	58,170	14,170
State contributions	10,000	63,430	10,946	(52,484)
County contributions	10,000	-	-	-
Charges for services				
Recreational service fees	2,117,500	2,174,000	2,007,164	(166,836)
Reimbursable services	91,000	91,000	90,239	(761)
Cemetery fees and plot sales	26,000	36,000	20,400	(15,600)
Miscellaneous services	1,000	2,000	1,536	(464)
Fines and forfeitures	27,000	29,738	26,902	(2,836)
Miscellaneous	834,000	913,000	969,528	56,528
Investment income	83,000	101,000	102,251	1,251
Total revenues	<u>27,584,436</u>	<u>27,341,000</u>	<u>27,545,480</u>	<u>204,480</u>
Expenditures:				
General government	14,035,744	15,571,538	14,604,316	967,222
Public safety	5,342,942	5,465,840	5,349,433	116,407
Public works	5,141,064	5,054,007	4,878,647	175,360
Library and recreation	3,881,628	3,959,890	3,824,435	135,455
Total expenditures	<u>28,401,378</u>	<u>30,051,275</u>	<u>28,656,831</u>	<u>1,394,444</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(816,942)</u>	<u>(2,710,275)</u>	<u>(1,111,351)</u>	<u>1,598,924</u>
Other financing sources (uses)				
Transfers in	2,256,360	2,256,360	2,256,360	-
Transfers out	<u>(1,185,089)</u>	<u>(1,200,089)</u>	<u>(1,200,089)</u>	<u>-</u>
Total other financing sources	<u>1,071,271</u>	<u>1,056,271</u>	<u>1,056,271</u>	<u>-</u>
Change in fund balance	254,329	(1,654,004)	(55,080)	1,598,924
Fund balance - beginning	<u>7,017,438</u>	<u>6,805,262</u>	<u>6,883,394</u>	<u>78,132</u>
Fund balance - ending	<u>\$ 7,271,767</u>	<u>\$ 5,151,258</u>	<u>\$ 6,828,314</u>	<u>\$ 1,677,056</u>

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

PROPRIETARY FUNDS

Major Funds

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

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

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

Park City Municipal Corporation, Utah
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Transportation and Parking Fund	Golf Course Fund	Total Enterprise Funds	
Assets					
Current assets:					
Cash, cash equivalents and investments	\$ 10,847,844	\$ 19,138,284	\$ 689,634	\$ 30,675,762	\$ 2,357,479
Restricted cash and cash equivalents, fiscal agent	5,128,238	-	-	5,128,238	-
Taxes receivable	-	445,770	-	445,770	-
Accounts receivable	1,310,564	913,353	61	2,223,978	57,319
Inventories	337,128	21,563	72,958	431,649	298,724
Prepays	528,089	-	-	528,089	-
Total current assets	<u>18,151,863</u>	<u>20,518,970</u>	<u>762,653</u>	<u>39,433,486</u>	<u>2,713,522</u>
Noncurrent assets:					
Capital assets:					
Land and water rights	17,693,589	1,748,149	828,451	20,270,189	-
Buildings	480,000	15,185,263	1,671,486	17,336,749	-
Improvements other than buildings	80,944,770	4,072,699	1,728,630	86,746,099	-
Art	-	109,214	-	109,214	-
Vehicles and equipment	8,891,236	12,274,676	1,500,173	22,666,085	47,450
Construction in progress	5,369,450	531,272	-	5,900,722	-
Intangible	27,810	58,645	-	86,455	-
Accumulated depreciation and amortization	<u>(35,070,172)</u>	<u>(16,101,589)</u>	<u>(2,993,000)</u>	<u>(54,164,761)</u>	<u>(47,450)</u>
Total capital assets (net of accumulated depreciation and amortization)	<u>78,336,683</u>	<u>17,878,329</u>	<u>2,735,740</u>	<u>98,950,752</u>	<u>-</u>
Net pension asset	<u>1,552</u>	<u>3,018</u>	<u>215</u>	<u>4,785</u>	<u>381</u>
Total assets	<u>96,490,098</u>	<u>38,400,317</u>	<u>3,498,608</u>	<u>138,389,023</u>	<u>2,713,903</u>
Deferred outflows of resources					
Deferred charge on refunding	7,477	-	-	7,477	-
Deferred outflows of resources related to pensions	664,679	650,636	101,645	1,416,960	242,194
Total deferred outflows of resources	<u>672,156</u>	<u>650,636</u>	<u>101,645</u>	<u>1,424,437</u>	<u>242,194</u>
Liabilities					
Current liabilities:					
Accounts payable	1,410,649	684,228	129,174	2,224,051	375,221
Accrued liabilities	214,010	215,920	45,414	475,344	29,322
Current portion of long-term debt					
Compensated absences	47,829	102,343	8,689	158,861	8,697
Revenue bonds	2,980,000	-	-	2,980,000	-
Total current liabilities	<u>4,652,488</u>	<u>1,002,491</u>	<u>183,277</u>	<u>5,838,256</u>	<u>413,240</u>
Noncurrent liabilities:					
Compensated absences	60,145	62,719	16,691	139,555	55,370
Revenue bonds	39,061,117	-	-	39,061,117	-
Net pension liability	1,346,500	1,160,851	229,465	2,736,816	535,969
Total noncurrent liabilities	<u>40,467,762</u>	<u>1,223,570</u>	<u>246,156</u>	<u>41,937,488</u>	<u>591,339</u>
Total liabilities	<u>45,120,250</u>	<u>2,226,061</u>	<u>429,433</u>	<u>47,775,744</u>	<u>1,004,579</u>
Deferred inflows of resources					
Deferred inflows of resources related to pensions	129,937	128,085	17,625	275,647	43,696
Total deferred inflows of resources	<u>129,937</u>	<u>128,085</u>	<u>17,625</u>	<u>275,647</u>	<u>43,696</u>
Net Position					
Net investment in capital assets	43,558,836	17,878,329	2,735,740	64,172,905	-
Restricted for debt service	5,128,238	-	-	5,128,238	-
Unrestricted	3,224,993	18,818,478	417,455	22,460,926	1,907,822
Total net position	<u>\$ 51,912,067</u>	<u>\$ 36,696,807</u>	<u>\$ 3,153,195</u>	<u>\$ 91,762,069</u>	<u>\$ 1,907,822</u>

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

Park City Municipal Corporation, Utah
Reconciliation of the Statement of Net Position of the Proprietary Funds
to the Statement of Net Position
June 30, 2016

TOTAL NET POSITION - PROPRIETARY FUNDS \$ 91,762,069

Amounts reported for business-type activities in the statement of net position are different because:

Certain internal service fund assets and liabilities are included with business-type activities. (11,403)

Total net position - business-type activities \$ 91,750,666

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

Park City Municipal Corporation, Utah
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Transportation and Parking Fund	Golf Course Fund	Total Enterprise Funds	
Operating revenues					
Charges for services	\$ 15,205,729	\$ 4,497,989	\$ 1,139,839	\$ 20,843,557	\$ 3,698,665
Miscellaneous	-	-	292,686	292,686	-
Total operating revenues	<u>15,205,729</u>	<u>4,497,989</u>	<u>1,432,525</u>	<u>21,136,243</u>	<u>3,698,665</u>
Operating expenses					
Salaries and benefits	2,638,481	5,753,349	738,806	9,130,636	1,008,091
Supplies, maintenance and services	4,454,050	2,946,031	418,069	7,818,150	1,701,835
Energy and utilities	1,010,108	926,231	59,741	1,996,080	765,670
Depreciation and amortization	2,774,358	1,545,166	253,981	4,573,505	-
Total operating expenses	<u>10,876,997</u>	<u>11,170,777</u>	<u>1,470,597</u>	<u>23,518,371</u>	<u>3,475,596</u>
Operating income (loss)	<u>4,328,732</u>	<u>(6,672,788)</u>	<u>(38,072)</u>	<u>(2,382,128)</u>	<u>223,069</u>
Nonoperating revenues (expenses)					
Transit and resort sales tax	-	4,877,098	-	4,877,098	-
Investment income	200,191	121,847	5,251	327,289	-
Interest expense	(1,367,871)	-	(168)	(1,368,039)	-
Miscellaneous	165,917	-	-	165,917	-
Gain (loss) on sale of capital assets	4,950	-	(2,329)	2,621	-
Total nonoperating revenues (expenses)	<u>(996,813)</u>	<u>4,998,945</u>	<u>2,754</u>	<u>4,004,886</u>	<u>-</u>
Income (loss) before contributions and transfers	3,331,919	(1,673,843)	(35,318)	1,622,758	223,069
Capital contributions	1,183,187	773,239	-	1,956,426	-
Transfers in	-	-	25,000	25,000	-
Transfers out	(1,440,542)	(719,693)	(96,125)	(2,256,360)	-
Change in net position	<u>3,074,564</u>	<u>(1,620,297)</u>	<u>(106,443)</u>	<u>1,347,824</u>	<u>223,069</u>
Net position - beginning	48,837,503	38,317,104	3,259,638	90,414,245	1,684,753
Net position - ending	<u>\$ 51,912,067</u>	<u>\$ 36,696,807</u>	<u>\$ 3,153,195</u>	<u>\$ 91,762,069</u>	<u>\$ 1,907,822</u>

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

Park City Municipal Corporation, Utah
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position
to the Statement of Activities
Proprietary Funds
For the Year Ended June 30, 2016

CHANGE IN NET POSITION - PROPRIETARY FUNDS \$ 1,347,824

Amounts reported for business-type activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds.
 Internal service fund net gain of \$223,069 less amount allocated to governmental activities of \$234,472 and reversal of prior year allocation of \$134,245. 122,842

Change in net position of business-type activities \$ 1,470,666

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

Park City Municipal Corporation, Utah
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	<u>Business-type Activities-Enterprise Funds</u>				<u>Governmental Activities- Internal Service Funds</u>
	<u>Water Fund</u>	<u>Transportation and Parking Fund</u>	<u>Golf Course Fund</u>	<u>Total Enterprise Funds</u>	
Cash flows from operating activities					
Receipts from customers	\$ 14,320,255	\$ 4,613,851	\$ 1,432,743	\$ 20,366,849	\$ 3,703,931
Payments to suppliers	(5,000,884)	(3,520,371)	(422,053)	(8,943,308)	(2,307,528)
Payments to employees	(2,465,211)	(5,809,785)	(707,379)	(8,982,375)	(885,849)
Net cash provided by (used in) operating activities	<u>6,854,160</u>	<u>(4,716,305)</u>	<u>303,311</u>	<u>2,441,166</u>	<u>510,554</u>
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	25,000	25,000	-
Transfers to other funds	(725,542)	(719,693)	(96,125)	(1,541,360)	-
Transit and resort sales tax	-	4,844,286	-	4,844,286	-
Net cash provided by (used in) noncapital financing activities	<u>(725,542)</u>	<u>4,124,593</u>	<u>(71,125)</u>	<u>3,327,926</u>	<u>-</u>
Cash flows from capital and related financing activities					
Impact fees, contributions and grants	1,492,003	224,215	-	1,716,218	-
Acquisition and construction of capital assets	(4,513,429)	(507,171)	(32,534)	(5,053,134)	-
Principal paid on capital debt and interfund loan	(2,880,000)	-	(26,892)	(2,906,892)	-
Interest paid on capital debt and interfund loan	(1,623,481)	-	(168)	(1,623,649)	-
Proceeds from sales of capital assets	4,950	-	-	4,950	-
Federal subsidy on capital debt	165,917	-	-	165,917	-
Net cash provided by (used in) capital and related financing activities	<u>(7,354,040)</u>	<u>(282,956)</u>	<u>(59,594)</u>	<u>(7,696,590)</u>	<u>-</u>
Cash flows from investing activities					
Interest received on investments	119,876	121,763	5,231	246,870	-
Net cash provided by investing activities	<u>119,876</u>	<u>121,763</u>	<u>5,231</u>	<u>246,870</u>	<u>-</u>
Net increase (decrease) in cash, cash equivalents	(1,105,546)	(752,905)	177,823	(1,680,628)	510,554
Balances—beginning of the year	17,081,628	19,891,189	511,811	37,484,628	1,846,925
Balances—end of the year	<u>\$ 15,976,082</u>	<u>\$ 19,138,284</u>	<u>\$ 689,634</u>	<u>\$ 35,804,000</u>	<u>\$ 2,357,479</u>
Reconciliation to statement of net assets:					
Cash, cash equivalents	\$ 10,847,844	\$ 19,138,284	\$ 689,634	\$ 30,675,762	\$ 2,357,479
Cash, cash equivalents held by fiscal agent	5,128,238	-	-	5,128,238	-
Total cash, cash equivalents	<u>\$ 15,976,082</u>	<u>\$ 19,138,284</u>	<u>\$ 689,634</u>	<u>\$ 35,804,000</u>	<u>\$ 2,357,479</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 4,328,732	\$ (6,672,788)	\$ (38,072)	\$ (2,382,128)	\$ 223,069
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expense	2,774,358	1,545,166	253,981	4,573,505	-
Non-cash water interfund transfer to general fund	(715,000)	-	-	(715,000)	-
Change in assets and liabilities:					
Receivables, net	(170,474)	115,862	218	(54,394)	5,266
Inventories	5,003	-	11,063	16,066	141,599
Accounts and other payables	443,283	326,712	50,533	820,528	9,983
Accrued expenses	188,258	(31,257)	25,588	182,589	130,637
Net cash provided by (used in) operating activities	<u>\$ 6,854,160</u>	<u>\$ (4,716,305)</u>	<u>\$ 303,311</u>	<u>\$ 2,441,166</u>	<u>\$ 510,554</u>

Noncash investing, capital and financing activities:

Included in investment income is an increase of \$125,021 in fair value for the year ended June 30, 2016.

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

FIDUCIARY FUND

The Park City Agency Fund is used to hold deposits and performance bonds.

Park City Municipal Corporation, Utah
Statement of Fiduciary Net Position
June 30, 2016

	PARK CITY AGENCY FUND
ASSETS	
Cash, cash equivalents and investments	\$ 1,836,300
Total assets	\$ 1,836,300
LIABILITIES	
Deposits payable	\$ 1,836,300
Total liabilities	\$ 1,836,300

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

**NOTES
TO THE
FINANCIAL
STATEMENTS**

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. General Information

The Park City Municipal Corporation (the City) is a municipal corporation governed by an elected mayor and five-member Council. The City was chartered March 15, 1884, under the provisions of the Utah Territorial Government and the City operates under a Council-Manager form of government. The City provides the following services as authorized in its charter: public safety (police), highways and streets, cultural and recreational, library, public improvements, planning and zoning, public transportation, water, golf and general administrative services.

2. Reporting Entity

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

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

Included in this report are the following blended component units:

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

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

The Park City Housing Authority (HA) is comprised of the same individuals as the City Council and was created to accumulate funds for construction of affordable housing within the City.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

3. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Internal Service Funds are used to account for the central financing of goods or services provided to various departments of the City or other governments on a cost-reimbursement basis. The City currently has two internal service funds. The fleet services fund provides vehicle storage, repair and maintenance. The self-insurance fund was established to allow the City to supplement its regular insurance coverage as further explained in Note J – Risk Management on page 81 of this report.

Agency Funds are used to account for the assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City currently has one agency fund. The Park City Agency Fund is used to hold deposits and performance bonds.

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

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

Cash, Cash Equivalents and Investments - Cash and investment management in the City is administered by the City Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah Code (see Note B on pages 53-57 of this report). The City complies with GASB 72, *Fair Value Measurement and Application*. The statement requires certain investments to be reported at fair value and the change in fair value to be recognized as an increase or decrease to investment assets and investment income. The City's investment in the State Treasurer's Pool has a fair value approximately equal to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act.

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Donated capital assets are recorded at estimated fair value at the date of donation. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on specific circumstances. Water revenue bonds have been issued to finance specific water system improvements. The total capitalized interest expense on the bonds this fiscal year was \$66,136. The total interest income foregone was \$14,159. The net amount of \$80,295 was included as part of and thereby increased the cost of capital assets under construction in connection with construction of water system improvements.

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

Assets	Years
Buildings and improvements	20-40
Public domain infrastructure	50
System infrastructure	30
Vehicles, equipment and intangibles	5-20

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

Long-term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts and gains and losses on bond refunding, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains and losses on bond refunding are reported as deferred inflows and outflows. Bond issuance costs are expensed in the period in which they are incurred. The unamortized bond premiums/discounts at June 30, 2016 for governmental activities were \$1,462,692 and \$1,496,117 for business-type activities and proprietary funds. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

Deferred Outflows of Resources or Deferred Inflows of Resources – In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports the deferred charge on refunding in the government-wide statement of net position and the proprietary fund statement of net position. The deferred charge on refunding resulted from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the government-wide statement of net position and the proprietary fund statement of net position report deferred outflows of resources related to pensions.

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Balance – Fund balances presented in the governmental fund financial statements represent the difference between assets and liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The City evaluated each of its funds at June 30, 2016 and classified fund balances into the following five categories:

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

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

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

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

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

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

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

Restricted Assets - Certain proceeds of the City's Water Revenue and Refunding Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the proprietary funds' statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "reserve fund" account with a balance at June 30, 2016 of \$5,128,238 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Proceeds of the City's 2004 and 2013A Series General Obligation Bonds in the amount of \$5,220,364 are classified as restricted assets as well as impact fees of \$1,089,809 and B and C road funds of \$2,362. Bond proceeds are restricted to acquiring and preserving undeveloped park and recreational land and to acquire, construct, improve and modify pathways, roads and related improvements for use by pedestrians and cyclists. The "reserve fund" account with a balance at June 30, 2016 of \$368 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

Proceeds of the City's 2015 Sales Tax Revenue Bonds are classified as restricted assets on the governmental funds balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "construction fund" account with a balance at June 30, 2016 of \$1,559,551 is used to report those proceeds of revenue bond issuances that are restricted for the purpose of financing the cost associated with improvements and acquisition of open space. The "reserve fund" account with a balance at June 30, 2016 of \$2,128 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

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

6. Budgets

State law requires the City Council to prepare and adopt budgets for all governmental and proprietary funds. The City Manager submits to the Mayor and City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the proposed sources of revenues. Between May 1 and June 15, the City Council reviews and adjusts the City Manager's proposed budget. On or before June 15, a public hearing is held and the budget is legally adopted through passage of an ordinance. Budgets are adopted below individual department levels, but control of budget appropriations is exercised, under state law, at the department level (General Government, Public Safety, Public Works and Library and Recreation).

After the budget is adopted, transfers of any unexpended appropriation amount between line items within a major category are to be initiated and approved by each respective department. Transfers between major categories and between programs within the same department and fund are to be initiated by the respective departments and approved by the City Manager. Transfers between capital improvement projects within the same fund are to be initiated by the individual designated as responsible for the project and approved by the City Manager. Transfers that will result in a total change in the appropriation for a project of more than 20 percent or if a project would be eliminated by the transfer must be approved by the City Council. The City Council may reduce or increase the budget of any fund by ordinance during the budget year. The City Council must hold a public hearing to increase a fund's budget before it can pass the ordinance. Utah State law prohibits the appropriation of unassigned general fund balance until it exceeds the sum of five percent of the budgeted general fund revenues. Until unassigned fund balance is greater than the above amount, it cannot be budgeted but is used to provide working capital until tax revenue is received, meet emergency expenditures and cover unanticipated deficits.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

When the unassigned fund balance is greater than 25 percent of expected revenues, the excess must be appropriated to capital projects determined to be in the best long-term interest of the City. During the year, the General Fund budget was increased by \$1,649,897 under the guidelines described above. The supplemental appropriation was for estimated water usage by the general government.

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

Each year the capital projects fund adjusted budget is comprised of new appropriations from the current year and unexpended appropriations from the prior year, since unexpended capital projects appropriations do not automatically lapse at yearend. Major capital project fund budgets included \$30,761,200 and non-major capital project fund budgets included \$4,087,988 for a total of \$34,849,188 of prior-year unexpended capital projects appropriations. The adjusted capital projects fund budget represents the amount available for expenditures in the current year. Future projects and appropriations that are to come from funds available in future years are not reflected in the current year budget.

7. Implementation of New GASB Pronouncements

In February 2015 the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and guidance for applying fair value to certain investments and disclosure related to all fair value measurements. The Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach or the income approach. The City implemented this Statement in fiscal year 2016.

In June 2015 the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to the financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities. Statement No. 73 is effective for fiscal years beginning after June 15, 2016. The City is currently evaluating the impact of this Statement on the financial statements when implemented.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

In June 2015 the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43 and Statement No. 50, *Pension Disclosures*. Statement No. 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement No. 74 are effective for fiscal year beginning after June 15, 2016. This Statement has no effect on the City's financial statements.

In June 2015 the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which supersedes Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This Statement establishes new accounting and financial reporting requirements for OPEB plans and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. Statement No. 75 is effective for fiscal years beginning after June 15, 2017. This Statement has no effect on the City's financial statements.

In June 2015 the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement reduces the hierarchy of generally accepted accounting principles (GAAP) to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Statement No. 76 is effective for financial statements beginning after June 15, 2015 and should be applied retroactively. The adoption of this standard will not have a material impact on the City's financial statements.

In August 2015 the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. Statement No. 77 is effective for fiscal years beginning after December 15, 2015. This Statement has no effect on the City's financial statements.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Each fund type's portion of this pool is displayed on the basic financial statements as "cash, cash equivalents and investments". Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund. The following is a summary of cash, cash equivalents and investments at June 30, 2016:

	Government-Wide Statement of Net Position			Fund Financials	
	Governmental Activities	Business-Type Activities	Total	Fiduciary Fund Statement of Net Position	Total
Held by city-unrestricted	\$ 46,601,195	\$ 30,675,762	\$ 77,276,957	\$ 1,836,300	\$ 79,113,257
Held by city-restricted	6,312,535	-	6,312,535	-	6,312,535
Total held by city	<u>\$ 52,913,730</u>	<u>\$ 30,675,762</u>	<u>\$ 83,589,492</u>	<u>\$ 1,836,300</u>	<u>\$ 85,425,792</u>
Held by fiscal agent	<u>\$ 1,562,047</u>	<u>\$ 5,128,238</u>	<u>\$ 6,690,285</u>	<u>\$ -</u>	<u>\$ 6,690,285</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

As of June 30, 2016, the City had the following deposits and investments, including \$1,836,300 held in an agency capacity for others:

Held by city:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investments maturities</u>	
		<u>1 year or less</u>	<u>1-5 years</u>
Debt securities			
Federal National Mortgage Association	\$ 950,772	\$ -	\$ 950,772
Federal Home Loan Mortgage Corporation	2,528,190	-	2,528,190
Corporate Bonds	1,301,047	201,318	1,099,729
	<u>4,780,009</u>	<u>\$ 201,318</u>	<u>\$ 4,578,691</u>
Other investments			
State treasurer's investment pool	<u>79,009,300</u>	<u>\$ 79,009,300</u>	
Total investments	<u>83,789,309</u>		

<u>Deposits</u>	
Cash deposits checking-net of outstanding checks	910,470
Cash deposits money market/savings	719,290
Cash on hand	6,723
Total deposits	<u>1,636,483</u>
Total cash, cash equivalents and investments held by city	<u>85,425,792</u>

Held by fiscal agent:

State treasurer's investment pool	<u>6,690,285</u>
Total cash, cash equivalents and investments	<u>\$ 92,116,077</u>

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and deposits are: (1) Uncollateralized, (2) Collateralized with securities held by the pledging financial institution, or (3) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor government's name. As of June 30, 2016, the City's deposits had a carrying value of \$910,470 and a bank balance of \$1,944,676. Of the above bank balance, \$250,000 was covered by federal depository insurance. The City does not have a deposit policy for custodial credit risk. However, Utah State Law does not require deposits to be insured or collateralized.

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

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

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

At June 30, 2016 the City had the following recurring fair value measurements.

	6/30/2016	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities				
Federal National Mortgage Association	\$ 950,772	\$ 950,772	\$ -	\$ -
Federal Home Loan Mortgage Corporation	2,528,190	2,528,190	-	-
Corporate Bonds	1,301,047	1,301,047	-	-
Utah Public Treasurers' Investment Fund	79,009,300	-	79,009,300	-
Total debt securities	\$ 83,789,309	\$ 4,780,009	\$ 79,009,300	\$ -

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. The Utah Public Treasurers' Investment Fund classified in Level 2 is valued by application of the June 30, 2016 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

Custodial Credit Risk for an investment is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: (1) The counterparty or (2) The counterparty's trust department or agent but not in the government's name. For investments in U.S. government agencies and corporate bonds with combined fair value of \$4,780,009 at June 30, 2016, the City uses a qualified depository bank for safekeeping securities for the purpose of settling investment transactions, safekeeping, and collecting those investments. These investments are held by the investment's counterparty, not in the name of the City but are supported by a safekeeping receipt issued by the City's bank. The City does not have an investment policy for custodial credit risk.

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

The City’s rated debt investments as of June 30, 2016, are shown in the table below using Standard and Poor’s rating scale:

	Fair Value	Quality Ratings		
		AAA	AA	A
<u>Primary government:</u>				
Debt securities				
Federal National Mortgage Association	\$ 950,772	\$ 950,772	\$ -	\$ -
Federal Home Loan Mortgage Corporation	2,528,190	2,528,190	-	-
Corporate Bonds	1,301,047	-	149,184	1,151,863

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

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s investment policy authorizes investments to be made in accordance with the UMMA and further specifies that with the exception of U.S. Treasury securities and authorized pools, no more than 50 percent of the City’s total investment portfolio will be invested in a single security type. None of the City’s investments exceed this limit.

NOTE C – NOTES RECEIVABLE

Notes receivable of the governmental fund types at June 30, 2016 include various affordable housing and employee mortgage assistance loans with interest rates ranging from 0% to 5.0%. The following is a schedule of future principal and interest payments required under the terms of the notes receivable as of June 30, 2016:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 250,345	\$ 3,093	\$ 253,438
2018	6,622	2,749	9,371
2019	7,092	2,504	9,596
2020	7,721	2,172	9,893
2021	6,466	1,136	7,602
2022 - 2031	36,107	2,312	38,419
Total	<u>\$ 314,353</u>	<u>\$ 13,966</u>	<u>\$ 328,319</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Transfers	Additions	Deletions	Balance June 30, 2016
Governmental activities:					
Capital assets, not being depreciated:					
Land and water rights	\$ 109,764,201	\$ (2,000,000)	\$ 1,803,686	\$ -	\$ 109,567,887
Construction in progress	5,971,118	2,000,000	983,122	(3,923,477)	5,030,763
Art	601,356	-	166,452	(49,189)	718,619
Total capital assets, not being depreciated	<u>116,336,675</u>	<u>-</u>	<u>2,953,260</u>	<u>(3,972,666)</u>	<u>115,317,269</u>
Capital assets, being depreciated:					
Buildings	43,038,404	-	292,622	-	43,331,026
Improvements other than building	36,684,373	-	626,900	-	37,311,273
Vehicles and equipment	12,522,305	-	1,143,767	(1,361,705)	12,304,367
Infrastructure	108,445,968	-	6,603,127	-	115,049,095
Intangibles	5,929,018	-	5,103	(31,586)	5,902,535
Total capital assets, being depreciated	<u>206,620,068</u>	<u>-</u>	<u>8,671,519</u>	<u>(1,393,291)</u>	<u>213,898,296</u>
Less accumulated depreciation for:					
Buildings	(11,211,121)	-	(1,314,871)	-	(12,525,992)
Improvements other than building	(17,458,716)	-	(1,214,924)	-	(18,673,640)
Vehicles and equipment	(7,067,117)	-	(969,782)	1,147,976	(6,888,923)
Infrastructure	(83,392,416)	-	(2,542,501)	-	(85,934,917)
Intangibles	(299,793)	-	(32,057)	31,586	(300,264)
Total accumulated depreciation	<u>(119,429,163)</u>	<u>-</u>	<u>(6,074,135)</u>	<u>1,179,562</u>	<u>(124,323,736)</u>
Total capital assets, being depreciated, net	<u>87,190,905</u>	<u>-</u>	<u>2,597,384</u>	<u>(213,729)</u>	<u>89,574,560</u>
Governmental activities capital assets, net	<u>\$ 203,527,580</u>	<u>\$ -</u>	<u>\$ 5,550,644</u>	<u>\$ (4,186,395)</u>	<u>\$ 204,891,829</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land and water rights	\$ 20,270,189	\$ -	\$ -	\$ -	\$ 20,270,189
Construction in progress	7,047,575	-	3,864,793	(5,011,646)	5,900,722
Art	109,214	-	-	-	109,214
Total capital assets, not being depreciated	<u>27,426,978</u>	<u>-</u>	<u>3,864,793</u>	<u>(5,011,646)</u>	<u>26,280,125</u>
Capital assets, being depreciated:					
Buildings	17,336,749	-	-	-	17,336,749
Improvements other than building	81,105,174	-	5,640,925	-	86,746,099
Vehicles and equipment	22,240,791	-	644,523	(219,229)	22,666,085
Intangibles	86,455	-	-	-	86,455
Total capital assets, being depreciated	<u>120,769,169</u>	<u>-</u>	<u>6,285,448</u>	<u>(219,229)</u>	<u>126,835,388</u>
Less accumulated depreciation for:					
Buildings	(5,493,414)	-	(531,177)	-	(6,024,591)
Improvements other than building	(32,717,418)	-	(2,363,892)	-	(35,081,310)
Vehicles and equipment	(11,572,143)	-	(1,666,414)	215,532	(13,023,025)
Intangibles	(23,813)	-	(12,022)	-	(35,835)
Total accumulated depreciation	<u>(49,806,788)</u>	<u>-</u>	<u>(4,573,505)</u>	<u>215,532</u>	<u>(54,164,761)</u>
Total capital assets, being depreciated, net	<u>70,962,381</u>	<u>-</u>	<u>1,711,943</u>	<u>(3,697)</u>	<u>72,670,627</u>
Business-type activities capital assets, net	<u>\$ 98,389,359</u>	<u>\$ -</u>	<u>\$ 5,576,736</u>	<u>\$ (5,015,343)</u>	<u>\$ 98,950,752</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE D – CAPITAL ASSETS, Continued

Depreciation expense was charged to functions for the year ended June 30, 2016 as follows:

Governmental activities:

General government	\$ 1,766,089
Public safety	308,148
Public works	2,168,036
Library and recreation	<u>1,831,862</u>
Total governmental activities depreciation expense	<u>\$ 6,074,135</u>

Business-type activities:

Water	\$ 2,774,358
Transportation and parking	1,545,166
Golf course	<u>253,981</u>
Total business-type activities depreciation expense	<u>\$ 4,573,505</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE E – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2016:

	Beginning Balance July 1, 2015	Additions	Reductions	Amortization	Ending Balance June 30, 2016	Due Within One Year
Governmental activities:						
Contracts payable	\$ 93,024	\$ -	\$ (93,024)	\$ -	\$ -	\$ -
General obligation bonds:						
2008 series-principal	6,615,000	-	(625,000)	-	5,990,000	645,000
2008 series-premium/discount	33,694	-	-	(3,810)	29,884	-
2009 series-principal	7,720,000	-	(750,000)	-	6,970,000	775,000
2009 series-premium/discount	111,118	-	-	(12,561)	98,557	-
2010B series-principal	4,205,000	-	(370,000)	-	3,835,000	380,000
2010B series-premium	58,855	-	-	(5,977)	52,878	-
2013A series-principal	6,360,000	-	(415,000)	-	5,945,000	425,000
2013A series-premium	81,159	-	-	(6,318)	74,841	-
2013B series-principal	1,175,000	-	(385,000)	-	790,000	390,000
2013B series-premium	30,812	-	-	(10,856)	19,956	-
2014 series-principal	2,775,000	-	(670,000)	-	2,105,000	685,000
2014 series-premium	132,521	-	-	(34,526)	97,995	-
Total general obligation bonds	<u>29,298,159</u>	<u>-</u>	<u>(3,215,000)</u>	<u>(74,048)</u>	<u>26,009,111</u>	<u>3,300,000</u>
Revenue bonds:						
Sales tax revenue bonds						
2010 refunding-principal	320,000	-	(320,000)	-	-	-
2010 refunding-premium	3,097	-	-	(3,097)	-	-
2014A refunding-principal	5,820,000	-	(885,000)	-	4,935,000	910,000
2014A refunding-premium	457,616	-	-	(76,725)	380,891	-
2014B series-principal	5,375,000	-	-	-	5,375,000	-
2014B series-premium	157,029	-	-	(11,241)	145,788	-
2015 series-principal	11,600,000	-	(605,000)	-	10,995,000	640,000
2015 series-premium	602,124	-	-	(40,222)	561,902	-
Total revenue bonds	<u>24,334,866</u>	<u>-</u>	<u>(1,810,000)</u>	<u>(131,285)</u>	<u>22,393,581</u>	<u>1,550,000</u>
Compensated absences	749,105	708,850	(643,400)	-	814,555	272,697
Total governmental activities	<u>\$ 54,475,154</u>	<u>\$ 708,850</u>	<u>\$ (5,761,424)</u>	<u>\$ (205,333)</u>	<u>\$ 49,217,247</u>	<u>\$ 5,122,697</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE E – LONG-TERM OBLIGATIONS, Continued

	Beginning Balance July 1, 2015	Additions	Reductions	Amortization	Ending Balance June 30, 2016	Due Within One Year
Business-type activities:						
2009A water revenue	\$ 1,875,000	\$ -	\$ (125,000)	\$ -	\$ 1,750,000	\$ 125,000
2009B water revenue refunding	6,745,000	-	(1,575,000)	-	5,170,000	1,640,000
2009B water revenue-premium	606,457	-	-	(152,977)	453,480	-
2009C water revenue	10,135,000	-	-	-	10,135,000	-
2010 water revenue	8,910,000	-	(725,000)	-	8,185,000	755,000
2010 water revenue-premium	565,485	-	-	(59,705)	505,780	-
2012 water revenue	3,500,000	-	(240,000)	-	3,260,000	245,000
2012 water revenue-premium	249,064	-	-	(20,812)	228,252	-
2012B water revenue	5,525,000	-	-	-	5,525,000	-
2012B water revenue-premium	102,803	-	-	(8,245)	94,558	-
2013A&B water revenue	2,620,000	-	(215,000)	-	2,405,000	215,000
2013A&B water revenue-premium	30,633	-	-	(2,926)	27,707	-
2014 water revenue	4,115,000	-	-	-	4,115,000	-
2014 water revenue-premium	205,035	-	-	(18,695)	186,340	-
Total revenue bonds	<u>45,184,477</u>	<u>-</u>	<u>(2,880,000)</u>	<u>(263,360)</u>	<u>42,041,117</u>	<u>2,980,000</u>
Compensated absences	259,760	233,108	(194,453)	-	298,415	158,861
Total business-type activities	<u>\$ 45,444,237</u>	<u>\$ 233,108</u>	<u>\$ (3,074,453)</u>	<u>\$ (263,360)</u>	<u>\$ 42,339,532</u>	<u>\$ 3,138,861</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At yearend \$64,067 of internal service fund compensated absences are included in the above amounts. Also, for the governmental activities compensated absences are liquidated by the general fund.

The City has complied with all revenue bond covenants.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds

On December 22, 2008, the City issued General Obligation Bonds Series 2008 in the amount of \$10,000,000 plus a net premium/discount of \$58,537 pursuant to a bond election held on November 7, 2006. The proceeds of the bonds were used to acquire and forever preserve undeveloped park and recreational land. Repayments are made from property tax revenues recorded in the Park City General Obligation Debt Service Fund.

On June 16, 2009, the City issued General Obligation Bonds Series 2009 in the amount of \$13,500,000 plus a net premium/discount of \$186,966. A portion of the proceeds was used to refund \$1,695,000 of the City's General Obligation Bonds Series 1999, plus \$12,852 interest. Bond proceeds of approximately \$4.0 million were issued pursuant to a bond election held on November 7, 2006 to acquire and forever preserve undeveloped park and recreational land and approximately \$7.8 million were issued pursuant to a bond election held November 6, 2007 to acquire, construct, improve and modify pathways, roads and related improvements for use by pedestrians and cyclists. Repayments are made from property tax revenues recorded in the Park City General Obligation Debt Service Fund.

The debt service requirements for the bonds at June 30, 2016 were as follows:

Fiscal Year Ending June 30,	Series 2008 Dated Dec. 22, 2008 \$10,000,000 @ 3.375% to 4.50% per annum paid semi- annually (Nov. & May)		Series 2009 Dated June 16, 2009 \$13,500,000 @ 3.00% to 4.00% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2017	\$ 645,000	\$ 250,000	\$ 775,000
2018	670,000	224,200	795,000	226,810
2019	695,000	197,400	820,000	200,576
2020	725,000	169,600	850,000	173,516
2021	760,000	140,600	880,000	143,340
2022	795,000	109,250	915,000	111,220
2023	830,000	75,462	950,000	76,450
2024	870,000	39,150	985,000	39,400
Total	5,990,000	1,205,662	6,970,000	1,221,372
Plus unamortized premium/discount	29,884	-	98,557	-
Total	<u>\$ 6,019,884</u>	<u>\$ 1,205,662</u>	<u>\$ 7,068,557</u>	<u>\$ 1,221,372</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

On April 30, 2010, the City issued federally taxable General Obligation Bonds Series 2010B Build America Bonds with direct pay subsidy in the par amount of \$6,000,000, a premium of \$89,739 and issuance costs of \$109,974. Bond proceeds were issued pursuant to a bond election held on November 7, 2006 to acquire and forever preserve undeveloped park and recreational land. Repayments are made from property tax revenues recorded in the Park City General Obligation Debt Service Fund.

The debt service requirements for the bonds at June 30, 2016 were as follows:

Fiscal Year Ending June 30,	Series 2010B Dated April 30, 2010 \$6,000,000 @ 1.10% to 5.25% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST
2017	\$ 380,000	\$ 178,985
2018	390,000	164,735
2019	400,000	149,135
2020	410,000	131,335
2021	425,000	112,475
2022	435,000	92,287
2023	450,000	71,190
2024	465,000	48,915
2025	480,000	25,200
Total	3,835,000	974,257
Plus unamortized premium/discount	52,878	-
Total	\$ 3,887,878	\$ 974,257

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

On August 28, 2013, the City issued General Obligation Bonds Series 2013B in the par amount of \$1,930,000, a premium of \$50,769 and issuance costs of \$25,317. The proceeds of the bonds were used to currently refund \$1,930,000 principal of the City's General Obligation Bonds Series 2003, plus \$37,222 interest. Repayments are made from property tax revenues recorded in the Park City General Obligation Debt Service Fund.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

The debt service requirements for the bonds at June 30, 2016 were as follows:

Fiscal Year Ending June 30,	Series 2013A Dated August 28, 2013 \$7,170,000 @ 2.00% to 3.25% per annum paid semi- annually (Nov. & May)		Series 2013B Dated August 28, 2013 \$1,930,000 @ 2.00% per annum paid semi- annually (Nov. & May)	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2017	\$ 425,000	\$ 155,313	\$ 390,000	\$ 15,800
2018	430,000	146,813	400,000	8,000
2019	440,000	138,213	-	-
2020	455,000	129,413	-	-
2021	465,000	120,313	-	-
2022	480,000	109,850	-	-
2023	500,000	97,850	-	-
2024	515,000	84,100	-	-
2025	530,000	69,938	-	-
2026	550,000	54,036	-	-
2027	565,000	37,536	-	-
2028	590,000	19,174	-	-
Total	5,945,000	1,162,549	790,000	23,800
Plus unamortized premium/discount	74,841	-	19,956	-
Total	<u>\$ 6,019,841</u>	<u>\$ 1,162,549</u>	<u>\$ 809,956</u>	<u>\$ 23,800</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

On November 6, 2014, the City issued General Obligation Bonds Series 2014 in the par amount of \$3,385,000, a premium of \$154,845 and issuance costs of \$74,606. The proceeds of the bonds plus \$149,007 of City funds were used to currently refund \$3,540,000 principal of the City’s General Obligation Bonds Series 2004, plus \$74,025 interest. For government-wide reporting, the gain on refunding is reported as a deferred inflow of resources and amortized over the life of the bond. Repayments are made from property tax revenues recorded in the Park City General Obligation Debt Service Fund. The debt service requirements for the bonds at June 30, 2016 were as follows:

Fiscal Year Ending June 30,	Series 2014 Dated November 6, 2014 \$3,385,000 @ 2.00% to 4.00% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST
2017	\$ 685,000	\$ 56,000
2018	695,000	42,300
2019	725,000	14,500
Total	2,105,000	112,800
Plus unamortized premium	97,995	-
Total	\$ 2,202,995	\$ 112,800

Redevelopment Agency Capital Projects Funds and Bonds

The City maintains special revenue and capital project funds for the Main Street Redevelopment Agency and the Lower Park Avenue Redevelopment Agency. For the fiscal year ended June 30, 2016 the tax increment collected by the Main Street Redevelopment Agency was \$289,745 and the tax contributions from other governments were \$970,015. The tax increment collected by the Lower Park Avenue Redevelopment Agency was \$551,909 and the tax contributions from other governments were \$1,847,695. The tax increment paid to another taxing agency by the Main Street Redevelopment Agency and by the Lower Park Avenue Redevelopment Agency was \$276,082 and \$485,451, respectively.

During the fiscal year, the Lower Park Avenue Redevelopment Agency expended \$1,854,877 for site improvements and \$156,471 for economic development. The Main Street Redevelopment Agency expended \$47,540 for site improvements and \$33,264 for economic development.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Refunding Bonds

On September 29, 2009, the City issued the par amount of \$13,090,000 in Water Revenue and Refunding Bonds Series 2009B plus a premium of \$1,486,180. The premium was deferred and amortized over the life of the bond using the effective interest method. The bond proceeds were used to refund \$5,313,000 principal of outstanding Water Revenue Refunding Bonds Series 2002 plus interest of \$61,656. New money in the amount of \$8,567,659 was received to finance the construction of culinary water system improvements. The bonds bear interest at 3.0 percent to 5.0 percent paid semiannually. Repayments on the debt are made from the net revenues of the Water Fund.

The debt service requirements for the water refunding bonds at June 30, 2016 were as follows:

Fiscal Year Ending June 30,	PRINCIPAL	INTEREST
2017	\$ 1,640,000	\$ 258,500
2018	1,720,000	176,500
2019	1,810,000	90,500
Total	5,170,000	525,500
Plus unamortized premium	453,480	-
Total	\$ 5,623,480	\$ 525,500

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Refunding Bonds, Continued

On December 14, 2012, the City issued the par amount of \$5,525,000 in Water Revenue and Refunding Bonds Series 2012B plus a premium of \$123,766. The premium was deferred and amortized over the life of the bond using the effective interest method. The bond proceeds were used to refund \$390,000 principal of outstanding Water Revenue Bonds Series 2006 plus interest of \$5,650. New money in the amount of \$4,600,000 was received to finance the construction of culinary water system improvements. The bonds bear interest at 2.25 percent paid semiannually. The bonds incurred bond issuance costs of \$100,848, which were recognized as an expense in the period incurred. Repayments on the debt are made from the net revenues of the Water Fund.

On February 21, 2013, the City issued the par amount of \$3,045,000 in Water Revenue and Refunding Bonds Series 2013 A and B plus a premium of \$37,518. The premium was deferred and amortized over the life of the bond using the effective interest method. The bond proceeds were used to refund \$3,029,000 principal of outstanding Water Revenue Bonds Series 2006 plus interest of \$63,609. The bonds bear interest at 2.00 percent paid semiannually. The bonds incurred bond issue costs of \$74,516, which were recognized as an expense in the period incurred. Repayments on the debt are made from the net revenues of the Water Fund.

The debt service requirements for the water refunding bonds at June 30, 2016 were as follows:

Fiscal Year Ending June 30,	SERIES 2012B Dated December 14, 2012 \$5,525,000 @ 2.25%		SERIES 2013A Dated February 21, 2013 \$3,045,000 @ 2.00%	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2017	\$ -	\$ 124,312	\$ 215,000
2018	-	124,313	225,000	41,550
2019	-	124,312	230,000	37,000
2020	-	124,313	235,000	32,350
2021	-	124,312	240,000	27,600
2022	-	124,313	245,000	22,750
2023	-	124,312	245,000	17,850
2024	-	124,313	250,000	12,900
2025	-	124,312	255,000	7,850
2026	-	124,313	265,000	2,650
2027	2,525,000	95,906	-	-
2028	3,000,000	33,750	-	-
Total	5,525,000	1,372,781	2,405,000	248,450
Plus unamortized premium	94,558	-	27,707	-
Total	<u>\$ 5,619,558</u>	<u>\$ 1,372,781</u>	<u>\$ 2,432,707</u>	<u>\$ 248,450</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Bonds

On July 14, 2009, the City issued the par amount of \$2,500,000 in Taxable Water Revenue Bonds Series 2009A to finance the construction of drinking water system improvements. The bonds bear no interest and the principal payment of \$125,000 is paid annually beginning July 15, 2010 and ending July 15, 2029. Repayments on the debt are made from the net revenues of the Water Fund. The outstanding balance at June 30, 2016 is \$1,750,000.

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

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

The debt service requirements for these bonds at June 30, 2016 were as follows:

Fiscal Year Ending June 30,	Series 2009C Dated September 29, 2009 \$10,135,000 @ 4.70% to 5.25%		Series 2010 Dated February 10, 2010 \$12,200,000 @ 2.00% to 5.00%	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2017	\$ -	\$ 508,638	\$ 755,000
2018	-	508,638	790,000	302,300
2019	-	508,637	825,000	261,925
2020	1,900,000	508,637	870,000	219,550
2021	1,960,000	419,337	910,000	179,600
2022	2,025,000	323,297	950,000	142,400
2023	2,090,000	221,035	1,000,000	103,400
2024	2,160,000	113,400	1,015,000	63,100
2025	-	-	1,070,000	21,400
Total	10,135,000	3,111,619	8,185,000	1,630,825
Plus unamortized premium	-	-	505,780	-
Total	\$ 10,135,000	\$ 3,111,619	\$ 8,690,780	\$ 1,630,825

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Bonds, Continued

On May 31, 2012, the City issued the par amount of \$4,160,000 in Water Revenue Bonds Series 2012 plus a premium of \$313,211 to finance the construction of water system infrastructure. The premium was deferred and amortized over the life of the bond on an effective interest basis. The bonds bear interest at 2.00% to 4.00% paid semiannually. Repayments on the debt are made from net revenues of the Water Fund.

On June 25, 2014, the City issued the par amount of \$4,115,000 in Water Revenue Bonds Series 2014 plus a premium of \$223,986 to finance construction of water system infrastructure. The premium was deferred and amortized over the life of the bond on an effective interest basis. The bonds bear interest at 3.25% paid semiannually. The bonds incurred bond issue costs of \$93,218, which were recognized as an expense in the period incurred. Repayments on the debt are made from net revenues of the Water Fund.

The debt service requirements for these bonds at June 30, 2016 were as follows:

Fiscal Year Ending June 30,	Series 2012 Dated May 31, 2012 \$4,160,000 @ 2.00% to 4.00%		Series 2014 Dated June 25, 2014 \$4,115,000 @ 3.25%	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2017	\$ 245,000	\$ 98,750	\$ -	\$ 133,737
2018	255,000	93,850	-	133,737
2019	265,000	86,200	-	133,737
2020	280,000	78,250	-	133,737
2021	290,000	69,850	-	133,738
2022	300,000	61,150	-	133,738
2023	310,000	52,150	-	133,738
2024	315,000	42,850	-	133,738
2025	325,000	33,400	2,350,000	133,738
2026	335,000	23,650	1,765,000	57,363
2027	340,000	13,600	-	-
Total	3,260,000	653,700	4,115,000	1,261,001
Plus unamortized premium	228,252	-	186,340	-
Total	<u>\$ 3,488,252</u>	<u>\$ 653,700</u>	<u>\$ 4,301,340</u>	<u>\$ 1,261,001</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE E – LONG-TERM OBLIGATIONS, Continued

Sales Tax Revenue and Refunding Bonds

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

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

The debt service requirements for the bonds at June 30, 2016 were as follows:

Fiscal Year Ending June 30,	Series 2014A, \$6,725,000 @ 2.00% -4.00% paid semiannually		Series 2014B, \$5,375,000 @3.00%-3.25% paid semiannually	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2017	\$ 910,000	\$ 176,100	\$ -
2018	950,000	139,700	-	164,912
2019	985,000	101,700	-	164,912
2020	1,025,000	62,300	-	164,912
2021	1,065,000	21,300	-	164,912
2022	-	-	605,000	164,912
2023	-	-	625,000	146,763
2024	-	-	640,000	128,013
2025	-	-	660,000	108,813
2026	-	-	680,000	89,013
2027	-	-	700,000	68,613
2028	-	-	720,000	47,613
2029	-	-	745,000	24,213
Total	4,935,000	501,100	5,375,000	1,602,513
Plus unamortized premium	380,891	-	145,788	-
Total	<u>\$ 5,315,891</u>	<u>\$ 501,100</u>	<u>\$ 5,520,788</u>	<u>\$ 1,602,513</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE E – LONG-TERM OBLIGATIONS, Continued

Sales Tax Revenue and Refunding Bonds, Continued

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

The debt service requirements for the bonds at June 30, 2016 were as follows:

Fiscal Year Ending June 30,	Series 2015, \$11,600,000 @ 2.00% - 4.00% paid semiannually	
	PRINCIPAL	INTEREST
	2017	\$ 640,000
2018	655,000	346,525
2019	665,000	333,425
2020	680,000	320,125
2021	710,000	292,925
2022	735,000	264,525
2023	765,000	235,125
2024	795,000	204,525
2025	820,000	180,675
2026	845,000	156,075
2027	880,000	122,275
2028	905,000	95,875
2029	930,000	68,725
2030	970,000	31,525
Total	10,995,000	3,011,650
Plus unamortized premium	561,902	-
Total	\$ 11,556,902	\$ 3,011,650

The Series 2014A, 2014B and 2015 Bonds are special limited obligations of the City, payable solely from and secured solely by a pledge of revenues from (1) 100 percent of the revenues received by the City from the local sales and use tax levied by the City pursuant to the Utah Local Sales and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code and (2) 100 percent of the revenues received by the City from the resort communities tax levied by the City pursuant to Title 59, Chapter 12, Part 4 of the Utah Code. The bonds do not constitute a pledge of the ad valorem taxing power or the full faith and credit of the City. More detailed information about pledged-revenue coverage is presented in Schedule 18 on page 128 of this report.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE E – LONG-TERM OBLIGATIONS, Continued

The annual debt service requirements for all long-term debt outstanding as of June 30, 2016 by activity are as follows:

Year ending June 30,	Governmental Activities		Business-Type Activities
	General Obligation Bonds	Revenue Bonds	
Principal			
2017	\$ 3,300,000	\$ 1,550,000	\$ 2,980,000
2018	3,380,000	1,605,000	3,115,000
2019	3,080,000	1,650,000	3,255,000
2020	2,440,000	1,705,000	3,410,000
2021	2,530,000	1,775,000	3,525,000
2022-2026	9,750,000	7,170,000	17,895,000
2027-2030	1,155,000	5,850,000	6,365,000
Total	25,635,000	21,305,000	40,545,000
Plus unamortized premium/discount	374,111	1,088,581	1,496,117
Total	<u>\$ 26,009,111</u>	<u>\$ 22,393,581</u>	<u>\$ 42,041,117</u>
Interest			
2017	\$ 906,158	\$ 700,337	\$ 1,507,037
2018	812,858	651,137	1,380,888
2019	699,824	600,037	1,242,311
2020	603,864	547,337	1,096,837
2021	516,728	479,137	954,437
2022-2026	1,104,298	1,678,439	2,479,110
2027-2030	56,710	458,839	143,256
Total	<u>\$ 4,700,440</u>	<u>\$ 5,115,263</u>	<u>\$ 8,803,876</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE F – RETIREMENT PLANS

General Information about the Pension Plans

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems (Systems). The Systems are comprised of the following pension trust funds:

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

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

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board), whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. The Systems are a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. The Systems issue a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE F – RETIREMENT PLANS, Continued

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

System	Final average salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.00% per year all years	Up to 4.00%
Contributory System	Highest 5 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4.00%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.50% per year up to 20 years; 2.00% per year over 20 years	Up to 2.50% to 4.00% depending on the employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.50%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.50%

* With actuarial reductions

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

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Systems' Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE F – RETIREMENT PLANS, Continued

Contribution rates are as follows:

Utah Retirement Systems

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rate	Employer Rate for 401(k) Plan
Contributory System				
11 Local Government Div - Tier 1	N/A	6.00	14.46	N/A
111 Local Government Div - Tier 2*	N/A	N/A	16.69	1.78
Non-Contributory System				
15 Local Government Div - Tier 1	N/A	N/A	18.47	N/A
Public Safety System				
Contributory				
23 Other Div A with 2.5% COLA	N/A	12.29	22.75	N/A
122 Tier 2 DB Hybrid Public Safety*	N/A	N/A	22.50	1.33
Noncontributory				
43 Other Div A with 2.5% COLA	N/A	N/A	34.04	N/A
Tier 2 Defined Contribution Only*				
211 Local Government	N/A	N/A	6.69	10.00
222 Public Safety	N/A	N/A	11.83	12.00

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

For the fiscal year ended June 30, 2016, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 1,583,281	N/A
Contributory System	126,506	-
Public Safety System	602,057	-
Tier 2 Public Employees Systems	652,227	-
Tier 2 Public Safety and Firefighter	75,876	-
Tier 2 DC Only System	23,903	N/A
Tier 2 DC Public Safety and Firefighter System	6,153	N/A
Total Contributions	\$ 3,070,003	\$ -

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE F – RETIREMENT PLANS, Continued

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

At June 30, 2016, the City reported a net pension asset of \$7,661 and a net pension liability of \$10,109,665:

	Proportionate Share		Net Pension Asset		Net Pension Liability
Noncontributory System	1.1629907	%	\$ -	\$	6,580,767
Contributory System	2.1367876		-		1,501,851
Public Safety System	1.1316373		-		2,027,047
Tier 2 Public Employees System	0.6083725		1,328		-
Tier 2 Public Safety and Firefighter System	0.4334431		6,333		-
			<u>\$ 7,661</u>	<u>\$</u>	<u>10,109,665</u>

The net pension asset and liability were measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 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, 2016 the City recognized pension expense of \$3,011,002. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,100	\$ 624,100
Changes in assumptions	-	518,022
Net difference between projected and actual earnings on pension plan investments	3,352,941	-
Changes in proportion and differences between contributions and proportionate share of contributions	402,786	-
Contributions subsequent to the measurement date	1,520,916	-
Total	<u>\$ 5,277,743</u>	<u>\$ 1,142,122</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE F – RETIREMENT PLANS, Continued

\$1,520,916 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015. 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>
2016	\$ 578,360
2017	595,060
2018	654,014
2019	803,630
2020	(3,318)
Thereafter	(13,038)

Actuarial assumptions: The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% - 10.50%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries. The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE F – RETIREMENT PLANS, Continued

Asset Class	Expected Return Arithmetic Basis		Long-Term Expected Portfolio Real Rate of Return
	Target Asset Allocation	Real Return Arithmetic Basis	
Equity securities	40.00 %	7.06 %	2.82 %
Debt securities	20.00	0.80	0.16
Real assets	13.00	5.10	0.66
Private equity	9.00	11.30	1.02
Absolute return	18.00	3.15	0.57
Cash and cash equivalents	0.00	0.00	0.00
Totals	100.00 %		5.23 %
	Inflation		2.75 %
	Expected arithmetic nominal return		7.98 %

The 7.50 percent assumed investment rate of return is comprised of an inflation rate of 2.75 percent, a real return of 4.75 percent that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the Systems' Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.50 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 (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

System	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$ 13,904,507	\$ 6,580,767	\$ 466,912
Contributory System	2,644,901	1,501,851	542,206
Public Safety System	4,292,430	2,027,047	182,607
Tier 2 Public Employees System	243,545	(1,328)	(186,919)
Tier 2 Public Safety and Firefighter System	10,765	(6,333)	(19,462)
Total	\$ 21,096,148	\$ 10,102,004	\$ 985,344

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Systems' financial report.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE F – RETIREMENT PLANS, Continued

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Board and are generally supplemental plans to the basic retirement benefits of the Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued Systems’ financial report.

Park City participates in the following Defined Contribution Savings Plans with the Systems:

- 401(k) Plan
- Roth IRA Plan
- Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, 2016 were as follows:

	2016	2015	2014
401(k) Plan			
Employer Contributions	\$ 186,225	\$ 105,401	\$ 37,600
Employee Contributions	-	-	-
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	12,245	9,258	6,230
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	-	175	75

NOTE G - DEFINED CONTRIBUTION PLANS

Section 401(a) defined contribution money purchase plan

The City sponsors a defined contribution plan under Internal Revenue Code Section 401(a) for all full-time City employees not covered by the Public Safety Retirement System for employers with Social Security coverage.

The ICMA Retirement Corporation (ICMA) administers this plan. The City's total payroll in the fiscal year ended June 30, 2016 was \$21,277,808. Of that amount, \$7,692,435 was eligible to participate in this plan. The City participated at a rate of 0.50 percent, under City resolution for the year ended June 30, 2016 for employees covered by the State Contributory System retirement plan, 0.50 percent for employees covered by the State Noncontributory System retirement plan, and 18.47 percent under State Statute for a limited number of employees that are exempt from the State plan. During the year ended June 30, 2016 contributions totaling \$61,088 or 0.79 percent of covered payroll were made by the City. Employer contributions are fully vested in one year. All contributions were made by the due dates. The 401(a) defined contribution monies are not available to the City or its general creditors. Therefore, no assets or liabilities of the 401(a) defined contribution plan are reflected in the City’s financial statements.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE G - DEFINED CONTRIBUTION PLANS, Continued

Section 457 deferred compensation plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The City's total payroll in the fiscal year ended June 30, 2016 was \$21,277,808. The City's covered payroll eligible for this plan totaled \$15,101,873 for the year ended June 30, 2016. The City participates in employer benefits of \$100 per month for those employees who have chosen single health insurance coverage and match the employees' voluntary contribution amount at fifty cents on the dollar to a maximum contribution of \$900. Contributions totaling \$295,284 or 1.95 percent of covered payroll were made by the City and voluntary contributions totaling \$832,455 or 5.51 percent of covered payroll were made by employees. All contributions were made by the due dates.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries, except that expenses and taxes may be paid from the Trust. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair value of the deferred account for each participant. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Investments are managed by the plan's administrator under one of seven investment options, or a combination thereof. The choice of the investment option(s) is made by the participants. All of the assets and income of the 457 Plan are held in investment fund trusts by ICMA for the exclusive benefit of the participants or their beneficiaries rather than as assets of the employer. As ICMA is the fiduciary of these assets, the City is no longer required to report the assets.

Loans or notes between the City and the defined contribution plans - There are no securities, loans or notes of the City included in the plans' assets.

NOTE H - COMMITMENTS AND CONTINGENCIES

There are several pending lawsuits in which the City is involved. The City Attorney estimates the potential claims against the City resulting from such litigation not covered by insurance would not materially affect the financial position of the City.

Commitments for major construction and capital improvements projects at June 30, 2016 are as follows:

Capital Projects Funds	\$1,428,436
Enterprise Funds	\$11,445,822

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE I– INTERGOVERNMENTAL REVENUES

Intergovernmental revenues were received by governmental fund types for the year ended June 30, 2016. They consist of the following:

State of Utah Class "C" road allotments	\$ 273,606
State contributions	81,383
County contributions	572,151
Federal contributions	65,365
Fire District	364,120
School District	<u>1,931,439</u>
 Total	 <u><u>\$ 3,288,064</u></u>

NOTE J – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1989, the City established a Self Insurance Fund (an internal service fund) to account for and finance its uninsured risk of loss. Under this program, the Self Insurance Fund provides coverage for up to a maximum of \$250,000 per occurrence for general liability, automobile and errors and omissions. The City purchases commercial insurance for claims in excess of coverage provided by the Self Insurance Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Liabilities are recorded for any claim or judgment when information available prior to issuance of the financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Unpaid claims as of June 30, 2014	-
Incurred claims	88,998
Claim payments	<u>71,368</u>
Unpaid claims as of June 30, 2015	<u>\$ 17,630</u>
Incurred claims	150,983
Claim payments	<u>144,778</u>
Unpaid claims as of June 30, 2016	<u><u>\$ 23,835</u></u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE K – BUDGET RECONCILIATION

A reconciliation of the original 2015-2016 budget, to the final legally adopted budget for all governmental fund types net of transfers approved in June 2016 is as follows:

	<u>Original Budget</u>	<u>Increase (Decrease)</u>	<u>Budget as Revised</u>
General Fund:			
Revenues	\$ 27,584,436	\$ (243,436)	\$ 27,341,000
Expenditures	28,401,378	1,649,897	30,051,275
Special Revenue Funds:			
Revenues	\$ 3,655,792	-	\$ 3,655,792
Expenditures	1,257,634	-	1,257,634
Debt Service Funds:			
Revenues	\$ 4,290,436	-	\$ 4,290,436
Expenditures	6,830,943	1,000	6,831,943
Capital Projects Funds:			
Revenues	\$ 9,873,500	\$ 3,647,265	\$ 13,520,765
Expenditures	21,377,374	39,749,447	61,126,821

NOTE L – INTERFUND TRANSFERS

Fund Financial Statements

Transfers were made to and from several funds during the course of the year ended June 30, 2016. An interfund transfer is a legally authorized transfer between funds in which one fund is responsible for the initial receipt of funds and another fund is responsible for the actual disbursement. The General Fund transferred \$1,011,000 to the Equipment Replacement Capital Projects Fund for future replacement of rolling stock and computer equipment. Several funds transferred a total of \$2,589,562 to the Sales Tax Revenue Bond Debt Service Fund to support principal and interest payments on debt. The Sales Tax Revenue Bond Debt Service Fund transferred \$3,715,347 of net bond proceeds to the Capital Improvements Fund for construction project costs. Transfers to the General Fund were comprised of: \$725,542 from the Water Fund, \$719,693 from the Transportation and Parking Fund and \$96,125 from the Golf Fund for administrative expenses for the year ended June 30, 2016.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE L – INTERFUND TRANSFERS, Continued

	Transfers into:					
	Major Funds					Business- Type Activities
	General Fund	Capital Improvement Fund	Sales Tax Revenue & Refunding - DSF	Nonmajor Funds	Golf Course Fund	Total
Transfers out from:						
Governmental activities						
Major funds:						
General fund	\$ -	\$ -	\$ 164,089	\$ 1,011,000	\$ 25,000	\$ 1,200,089
Capital improvement fund	-	-	1,297,588	-	-	1,297,588
Sales tax rev & refund - DSF	-	3,715,347	-	-	-	3,715,347
Nonmajor funds:						
Other funds	-	-	1,127,885	2,393,125	-	3,521,010
Business-type activities						
Water fund	1,440,542	-	-	-	-	1,440,542
Transportation and parking	719,693	-	-	-	-	719,693
Golf course fund	96,125	-	-	-	-	96,125
Total	\$ 2,256,360	\$ 3,715,347	\$ 2,589,562	\$ 3,404,125	\$ 25,000	\$ 11,990,394

Government-Wide Financial Statements

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

NOTE M - TAXES

Before June 15 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. All property taxes levied by the City are assessed and collected by Summit and Wasatch Counties. Property taxes are levied on January 1 on real property values assessed as of the same date. Taxes are due November 30 and delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15 of the following year, a lien is attached to the property and the amount of taxes and penalties bear interest from January 1 until paid.

If after five years delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales and resort taxes are collected by the State Tax Commission and remitted to the City monthly. Franchise taxes are collected by the telephone, natural gas, electric utilities, cable television and sewer companies and remitted to the City periodically.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE N – UNAVAILABLE REVENUE

Fund Financial Statements

At June 30, 2016, the following unavailable revenues were recorded in the fund financial statements as deferred inflows of resources because the funds were not available to finance expenditures of the current period.

	General	Debt Service - Park City General Obligation	Capital Projects - Capital Improvement Fund	Other Governmental Funds	Total
Miscellaneous loans/receivable	\$ 10,000	\$ -	\$ 304,353	\$ -	\$ 314,353
Property tax levied-not yet collected	9,636,741	4,282,803	-	3,686,157	17,605,701
	<u>\$ 9,646,741</u>	<u>\$ 4,282,803</u>	<u>\$ 304,353</u>	<u>\$ 3,686,157</u>	<u>\$ 17,920,054</u>

NOTE O – CONDUIT DEBT

On May 29, 2015, the City issued \$18,885,000 of 2015 Industrial Revenue Refunding Bonds on behalf of the United States Ski and Snowboard Association (USSA), a nonprofit corporation. The bonds refunded \$18,695,000 of the 2007 Multi-Mode Variable Rate Revenue Bonds issued on December 18, 2007, on behalf of USSA. The bonds bear interest at a variable rate and mature June 1, 2040. The bonds were used to partially finance the construction of The USSA Center of Excellence, an athletic training and office facility located in Park City. The bonds are secured by a pledge of revenues under the Bond Indenture. Neither the City’s General Fund nor the full faith and credit of the City are pledged for the payment of principal or interest on the bonds. Since the bonds do not constitute a debt of the City, they are not reported in the accompanying financial statements. The principal balance of outstanding bonds was \$18,344,594 at June 30, 2016.

NOTE P – POLLUTION REMEDIATION

GAAP addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. GASB 49 identifies the obligating events, which require the City to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

On December 30, 2008, Park City Municipal Corporation and Summit County purchased as tenants in common approximately 107 acres of land that are outside the City limits. Prior to the purchase, soil testing was conducted on the property and it was found that a portion of the parcel is contaminated by lead and other contaminants due to prior upstream mining activity by others and needs remediation. The City, Summit County, and the two sellers of the land agreed in writing to each contribute the lesser of (a) twenty-five percent (25%) of the remediation costs incurred; or (b) \$200,000. The City’s Environmental Coordinator estimates that the cost to remediate the parcel would be approximately \$450,000. The City’s twenty-five percent (25%) share would be approximately \$112,500. The estimate of \$450,000 is measured at current value using the expected cash flow technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. This technique uses all expectations about possible cash flows. The pollution remediation obligation is an estimate subject to changes resulting from price increases

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016

NOTE P – POLLUTION REMEDIATION, Continued

or reductions, technology, or changes in applicable laws and regulations. The City's legal obligation to share in this cleanup is an obligating event pursuant to GASB 49. Pollution remediation outlays should be capitalized in the government-wide and proprietary fund statements when property is acquired with known or suspected pollution that was expected to be remediated because it is assumed that the property was acquired at a discount because of the remediation. The financial reporting impact and effect was the recognition of a liability and the capitalization of an asset for \$112,500. The City entered into a Voluntary Clean-up Agreement with the Utah Department of Environmental Quality (UDEQ) to develop a remediation work plan for this property.

The Environmental Protection Agency (USEPA) and UDEQ have been investigating and evaluating mine sites within the Park City area since the early 1980's. In 1988, pursuant to approval of USEPA, Park City Municipal Corporation enacted the Landscaping and Maintenance of Soil Cover Ordinance for lots within the City limits. In general, the landscaping and soil maintenance cover requirements mandated a 6-inch clean top soil cap in order to contain the underlying mine related material. The general objective of these measures was to isolate potentially contaminated material from the surface and minimize direct contact. On April 30, 2004, the City implemented an Environmental Management System (EMS) to further strengthen the Soils Ordinance Program on a long-term basis. The EMS Soils Ordinance Boundary contains pollution remediation obligations of Park City Municipal Corporation pursuant to this local ordinance, which is an obligating event pursuant to GASB 49. The City plans to conduct remediation of 48 acres of land in accordance with the Utah Department of Environmental Quality Clean-up Program. The estimated cost to remediate these 48 acres is \$1,272,000 and is a liability of the City. The estimate of \$1,272,000 is measured at current value using the expected cash flow technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. This technique uses all expectations about possible cash flows. The pollution remediation obligation is an estimate subject to changes resulting from price increases or reductions, technology, or changes in applicable laws and regulations.

NOTE Q – SUBSEQUENT EVENTS

On November 8, 2016, Park City voters approved the Park City Open Space Bond Ballot Initiative: "Shall Park City, Utah, be authorized to issue general obligation bonds in an amount not to exceed \$25,000,000 and to mature in no more than 16 years from the date or dates of such bonds to acquire, improve and forever preserve open space, park and recreational land located in Bonanza Flats, if such land is available for purchase by the City, in order to protect the conservation values thereof, to remove existing unneeded man-made improvements, and to make limited improvements for public access, parking and use." The bonds will only be issued if the City can reach an agreement to buy the land from the property owners.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Schedule of Required Supplementary Information
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Park City Municipal Corporation, Utah
Utah Retirement Systems
Last 10 Calendar Years ¹

	As of calendar year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of its covered employee payroll
Noncontributory System	2014	1.1057757 %	\$ 4,801,538	\$ 8,969,083	53.50 %	90.20 %
	2015	1.1629907	6,580,767	8,900,339	73.94	87.80
Contributory System	2014	1.7202131	496,184	921,380	53.90	94.00
	2015	2.1367876	1,501,851	910,458	164.96	85.70
Public Safety System	2014	1.0325635	1,298,534	1,628,847	79.70	90.50
	2015	1.1316373	2,027,047	1,850,090	109.56	87.10
Tier 2 Public Employees System	2014	0.4811751	(14,582)	2,361,287	-0.60	103.50
	2015	0.6083725	(1,328)	3,930,779	-0.03	100.20
Tier 2 Public Safety and Firefighter System	2014	0.5580685	(8,256)	230,513	-3.60	120.50
	2015	0.4334431	(6,333)	258,047	-2.45	110.70

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

Schedule of Required Supplementary Information
SCHEDULE OF CONTRIBUTIONS
Park City Municipal Corporation, Utah
Utah Retirement Systems
June 30, 2016
Last 10 Fiscal Years ¹

	As of fiscal year ended June 30,	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll ²
Noncontributory System	2014	\$ 1,463,515	\$ 1,463,515	\$ -	\$ 8,593,869	17.03 %
	2015	1,593,052	1,593,052	-	8,676,643	18.36
	2016	1,583,281	1,583,281	-	8,630,571	18.35
Contributory System	2014	118,386	118,386	-	891,460	13.28
	2015	124,015	124,015	-	857,642	14.46
	2016	126,506	126,506	-	874,871	14.46
Public Safety System	2014	444,956	444,956	-	1,579,083	28.18
	2015	487,710	487,710	-	1,613,195	30.23
	2016	602,057	602,057	-	2,018,519	29.83
Tier 2 Public Employees System ³	2014	274,597	274,597	-	1,962,810	13.99
	2015	447,904	447,904	-	2,998,019	14.94
	2016	652,227	652,227	-	4,374,424	14.91
Tier 2 Public Safety and Firefighter System ³	2014	43,142	43,142	-	206,915	20.85
	2015	46,309	46,309	-	205,361	22.55
	2016	75,876	75,876	-	337,225	22.5
Tier 2 Public Employees DC Only System ³	2014	2,308	2,308	-	41,356	5.58
	2015	14,096	14,096	-	209,757	6.72
	2016	23,903	23,903	-	357,294	6.69
Tier 2 Public Safety and Firefighter DC Only System ³	2014	-	-	-	-	0.00
	2015	3,007	3,007	-	25,417	11.83
	2016	6,153	6,153	-	52,009	11.83

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

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

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

Park City Municipal Corporation, Utah
Notes to Required Supplementary Information
For the year ended June 30, 2016

Note 1. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

For the year ended June 30, 2016, the following changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75 percent to 3.50 percent. There was also a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.50 percent to 3.25 percent. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre-retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

Additional pension plan information can be found in Note F.

**SUPPLEMENTARY
INFORMATION**

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NONMAJOR GOVERNMENTAL FUNDS

Lower Park Avenue Redevelopment Agency and Main Street Redevelopment Agency Special Revenue Funds – Special revenue funds are used to account for specific revenue sources that are restricted, committed or assigned to expenditures for particular purposes. These special revenue funds account for the agencies’ redevelopment activities which are supported by property tax increment revenue.

Capital Projects - Lower Park Avenue Redevelopment Agency Fund - Accounts for the acquisition or construction of capital projects in the Lower Park Avenue Redevelopment area.

Main Street Redevelopment Agency Capital Projects Fund - Accounts for capital projects in the Main Street Redevelopment area.

Municipal Building Authority - The Municipal Building Authority is a legally separate organization that is a mechanism for financing needed City facilities. The Authority acquires and/or builds facilities by borrowing money secured by a lease agreement between the City and the Authority.

Equipment Replacement Capital Projects Fund - Accounts for the accumulation of resources for the future replacement of fixed assets such as computers, vehicles and heavy equipment.

Park City Municipal Corporation, Utah
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental	
	Lower Park Avenue Redevelopment Agency	Main Street Redevelopment Agency	Total	Lower Park Avenue Redevelopment Agency	Main Street Redevelopment Agency	Municipal Building Authority	Equipment Replacement CIP		Total
Assets									
Cash, cash equivalents and investments	\$ 292,639	\$ 262,744	\$ 555,383	\$ 789,335	\$ 1,255,264	\$ 459,980	\$ 1,761,491	\$ 4,266,070	\$ 4,821,453
Receivables									
Taxes	2,391,320	1,301,919	3,693,239	-	-	-	-	-	3,693,239
Accounts	41	29	70	300	85	31	315	731	801
Total assets	<u>\$ 2,684,000</u>	<u>\$ 1,564,692</u>	<u>\$ 4,248,692</u>	<u>\$ 789,635</u>	<u>\$ 1,255,349</u>	<u>\$ 460,011</u>	<u>\$ 1,761,806</u>	<u>\$ 4,266,801</u>	<u>\$ 8,515,493</u>
Liabilities, deferred inflows of resources and fund balances									
Accounts payable	\$ 42,603	\$ 3,174	\$ 45,777	\$ 39,668	\$ -	\$ 4,050	\$ 135,095	\$ 178,813	\$ 224,590
Deferred inflows of resources-property tax	2,386,157	1,300,000	3,686,157	-	-	-	-	-	3,686,157
Total liabilities and deferred inflows of resources	<u>2,428,760</u>	<u>1,303,174</u>	<u>3,731,934</u>	<u>39,668</u>	<u>-</u>	<u>4,050</u>	<u>135,095</u>	<u>178,813</u>	<u>3,910,747</u>
Fund Balances									
Committed:									
Capital projects	-	-	-	749,967	1,255,349	455,961	1,626,711	4,087,988	4,087,988
Economic development	255,240	261,518	516,758	-	-	-	-	-	516,758
Total fund balances	<u>255,240</u>	<u>261,518</u>	<u>516,758</u>	<u>749,967</u>	<u>1,255,349</u>	<u>455,961</u>	<u>1,626,711</u>	<u>4,087,988</u>	<u>4,604,746</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,684,000</u>	<u>\$ 1,564,692</u>	<u>\$ 4,248,692</u>	<u>\$ 789,635</u>	<u>\$ 1,255,349</u>	<u>\$ 460,011</u>	<u>\$ 1,761,806</u>	<u>\$ 4,266,801</u>	<u>\$ 8,515,493</u>

Park City Municipal Corporation, Utah
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental	
	Lower Park Avenue Redevelopment Agency	Main Street Redevelopment Agency	Total	Lower Park Avenue Redevelopment Agency	Main Street Redevelopment Agency	Municipal Building Authority	Equipment Replacement CIP		Total
Revenues									
Taxes and special assessments	\$ 551,909	\$ 289,745	\$ 841,654	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 841,654
Contribution from other governments	1,847,695	970,015	2,817,710	-	-	-	-	-	2,817,710
Investment income	4,566	3,245	7,811	3,366	8,180	3,007	-	14,553	22,364
Total revenues	<u>2,404,170</u>	<u>1,263,005</u>	<u>3,667,175</u>	<u>3,366</u>	<u>8,180</u>	<u>3,007</u>	<u>-</u>	<u>14,553</u>	<u>3,681,728</u>
Expenditures									
Capital outlay	-	-	-	1,854,877	47,540	8,011	1,250,276	3,160,704	3,160,704
Economic development	641,922	309,346	951,268	-	-	-	-	-	951,268
Total expenditures	<u>641,922</u>	<u>309,346</u>	<u>951,268</u>	<u>1,854,877</u>	<u>47,540</u>	<u>8,011</u>	<u>1,250,276</u>	<u>3,160,704</u>	<u>4,111,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,762,248</u>	<u>953,659</u>	<u>2,715,907</u>	<u>(1,851,511)</u>	<u>(39,360)</u>	<u>(5,004)</u>	<u>(1,250,276)</u>	<u>(3,146,151)</u>	<u>(430,244)</u>
Other financing sources (uses)									
Sale of capital assets	-	-	-	721,823	-	-	33,825	755,648	755,648
Transfers in	-	-	-	1,641,125	752,000	-	1,011,000	3,404,125	3,404,125
Transfers out	(1,641,125)	(752,000)	(2,393,125)	(324,000)	(803,885)	-	-	(1,127,885)	(3,521,010)
Total other financing sources (uses)	<u>(1,641,125)</u>	<u>(752,000)</u>	<u>(2,393,125)</u>	<u>2,038,948</u>	<u>(51,885)</u>	<u>-</u>	<u>1,044,825</u>	<u>3,031,888</u>	<u>638,763</u>
Net change in fund balances	121,123	201,659	322,782	187,437	(91,245)	(5,004)	(205,451)	(114,263)	208,519
Fund balances - beginning	<u>134,117</u>	<u>59,859</u>	<u>193,976</u>	<u>562,530</u>	<u>1,346,594</u>	<u>460,965</u>	<u>1,832,162</u>	<u>4,202,251</u>	<u>4,396,227</u>
Fund balances - ending	<u>\$ 255,240</u>	<u>\$ 261,518</u>	<u>\$ 516,758</u>	<u>\$ 749,967</u>	<u>\$ 1,255,349</u>	<u>\$ 455,961</u>	<u>\$ 1,626,711</u>	<u>\$ 4,087,988</u>	<u>\$ 4,604,746</u>

Park City Municipal Corporation, Utah
Sales Tax Revenue and Refunding Bonds Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 33,338	\$ 33,338
Expenditures				
Debt service				
Principal	1,810,000	1,810,000	1,810,000	-
Interest	790,563	791,563	782,290	9,273
Total expenditures	<u>2,600,563</u>	<u>2,601,563</u>	<u>2,592,290</u>	<u>9,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,600,563)</u>	<u>(2,601,563)</u>	<u>(2,558,952)</u>	<u>42,611</u>
Other financing sources (uses)				
Transfers in	2,589,562	2,589,562	2,589,562	-
Transfers out	-	(3,715,347)	(3,715,347)	-
Total other financing sources (uses)	<u>2,589,562</u>	<u>(1,125,785)</u>	<u>(1,125,785)</u>	<u>-</u>
Net change in fund balance	(11,001)	(3,727,348)	(3,684,737)	42,611
Fund balance - beginning	<u>6,514,375</u>	<u>6,527,767</u>	<u>6,527,767</u>	<u>-</u>
Fund balance - ending	<u>\$ 6,503,374</u>	<u>\$ 2,800,419</u>	<u>\$ 2,843,030</u>	<u>\$ 42,611</u>

Park City Municipal Corporation, Utah
General Obligation Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
General property tax	\$ 4,211,453	\$ 4,211,453	\$ 3,711,453	\$ (500,000)
Delinquent taxes	12,000	12,000	12,000	-
Investment income	-	-	421	421
Miscellaneous	66,983	66,983	62,428	(4,555)
Total revenues	<u>4,290,436</u>	<u>4,290,436</u>	<u>3,786,302</u>	<u>(504,134)</u>
Expenditures				
Debt service				
Principal	3,215,000	3,215,000	3,215,000	-
Interest	1,015,380	1,015,380	999,542	15,838
Total expenditures	<u>4,230,380</u>	<u>4,230,380</u>	<u>4,214,542</u>	<u>15,838</u>
Excess (deficiency) of revenues over (under) expenditures	<u>60,056</u>	<u>60,056</u>	<u>(428,240)</u>	<u>(488,296)</u>
Net change in fund balance	<u>60,056</u>	<u>60,056</u>	<u>(428,240)</u>	<u>(488,296)</u>
Fund balance - beginning	<u>990,728</u>	<u>1,003,018</u>	<u>964,024</u>	<u>(38,994)</u>
Fund balance - ending	<u><u>\$ 1,050,784</u></u>	<u><u>\$ 1,063,074</u></u>	<u><u>\$ 535,784</u></u>	<u><u>\$ (527,290)</u></u>

Park City Municipal Corporation, Utah
Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes and special assessments	\$ 7,131,000	\$ 8,745,007	\$ 8,897,706	\$ 152,699
Intergovernmental	1,350,000	1,362,267	336,917	(1,025,350)
Investment income	-	-	276,214	276,214
Impact fees	860,000	765,000	425,365	(339,635)
Miscellaneous	532,500	2,648,491	514,048	(2,134,443)
Total revenues	<u>9,873,500</u>	<u>13,520,765</u>	<u>10,450,250</u>	<u>(3,070,515)</u>
Expenditures				
Capital outlay				
Land and building acquisition	170,000	2,883,556	432,450	2,451,106
Street and storm drain improvements	1,990,833	2,190,481	1,188,430	1,002,051
Building renovation and construction	557,709	2,420,077	728,680	1,691,397
Improvements other than building	7,816,445	36,773,608	6,075,384	30,698,224
City parks and cemetery improvements	100,000	549,494	272,564	276,930
Equipment	205,637	648,379	195,784	452,595
Total expenditures	<u>10,840,624</u>	<u>45,465,595</u>	<u>8,893,292</u>	<u>36,572,303</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(967,124)</u>	<u>(31,944,830)</u>	<u>1,556,958</u>	<u>33,501,788</u>
Other financing sources (uses)				
Transfers in	-	3,715,347	3,715,347	-
Transfers out	(1,297,588)	(1,297,588)	(1,297,588)	-
Total other financing sources (uses)	<u>(1,297,588)</u>	<u>2,417,759</u>	<u>2,417,759</u>	<u>-</u>
Net change in fund balance	(2,264,712)	(29,527,071)	3,974,717	33,501,788
Fund balance - beginning	<u>5,471,946</u>	<u>32,950,023</u>	<u>33,099,018</u>	<u>148,995</u>
Fund balance - ending	<u>\$ 3,207,234</u>	<u>\$ 3,422,952</u>	<u>\$ 37,073,735</u>	<u>\$ 33,650,783</u>

Park City Municipal Corporation, Utah
Lower Park Avenue Redevelopment Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes and special assessments	\$ 595,212	\$ 595,212	\$ 551,909	\$ (43,303)
Contribution from other governments	1,818,580	1,818,580	1,847,695	29,115
Investment income	-	-	4,566	4,566
Total revenues	<u>2,413,792</u>	<u>2,413,792</u>	<u>2,404,170</u>	<u>(9,622)</u>
Expenditures				
Economic development	<u>772,634</u>	<u>772,634</u>	<u>641,922</u>	<u>130,712</u>
Excess of revenues over expenditures	<u>1,641,158</u>	<u>1,641,158</u>	<u>1,762,248</u>	<u>121,090</u>
Other financing uses-transfers out	<u>(1,641,125)</u>	<u>(1,641,125)</u>	<u>(1,641,125)</u>	<u>-</u>
Net change in fund balances	33	33	121,123	121,090
Fund balance - beginning	<u>5,000</u>	<u>133,527</u>	<u>134,117</u>	<u>590</u>
Fund balance - ending	<u>\$ 5,033</u>	<u>\$ 133,560</u>	<u>\$ 255,240</u>	<u>\$ 121,680</u>

Park City Municipal Corporation, Utah
Main Street Redevelopment Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes and special assessments	\$ 324,160	\$ 324,160	\$ 289,745	\$ (34,415)
Contribution from other governments	917,840	917,840	970,015	52,175
Investment income	-	-	3,245	3,245
Total revenues	<u>1,242,000</u>	<u>1,242,000</u>	<u>1,263,005</u>	<u>21,005</u>
Expenditures				
Economic development	<u>485,000</u>	<u>485,000</u>	<u>309,346</u>	<u>175,654</u>
Excess of revenues over expenditures	<u>757,000</u>	<u>757,000</u>	<u>953,659</u>	<u>196,659</u>
Other financing uses-transfers out	<u>(752,000)</u>	<u>(752,000)</u>	<u>(752,000)</u>	<u>-</u>
Net change in fund balances	5,000	5,000	201,659	196,659
Fund balance - beginning	-	59,638	59,859	221
Fund balance - ending	<u>\$ 5,000</u>	<u>\$ 64,638</u>	<u>\$ 261,518</u>	<u>\$ 196,880</u>

Park City Municipal Corporation, Utah
Lower Park Avenue Redevelopment Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 3,366	\$ 3,366
Expenditures				
Capital outlay				
Land and building acquisition	-	1,376,016	264,883	1,111,133
Street and storm drain improvements	-	39,845	-	39,845
Building renovation and construction	350,000	1,498,039	11,250	1,486,789
Improvements other than building	9,075,750	9,929,152	1,578,744	8,350,408
City parks and cemetery improvements	100,000	182,241	-	182,241
Total expenditures	<u>9,525,750</u>	<u>13,025,293</u>	<u>1,854,877</u>	<u>11,170,416</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,525,750)</u>	<u>(13,025,293)</u>	<u>(1,851,511)</u>	<u>11,173,782</u>
Other financing sources (uses)				
Debt issuance	10,000,000	12,200,000	-	(12,200,000)
Sale of capital assets	-	750,000	721,823	(28,177)
Transfers in	1,641,125	1,641,125	1,641,125	-
Transfers out	<u>(324,000)</u>	<u>(324,000)</u>	<u>(324,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>11,317,125</u>	<u>14,267,125</u>	<u>2,038,948</u>	<u>(12,228,177)</u>
Net change in fund balance	<u>1,791,375</u>	<u>1,241,832</u>	<u>187,437</u>	<u>(1,054,395)</u>
Fund balance - beginning	<u>2,990,491</u>	<u>555,559</u>	<u>562,530</u>	<u>6,971</u>
Fund balance - ending	<u>\$ 4,781,866</u>	<u>\$ 1,797,391</u>	<u>\$ 749,967</u>	<u>\$ (1,047,424)</u>

Park City Municipal Corporation, Utah
Main Street Redevelopment Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 8,180	\$ 8,180
Expenditures				
Capital outlay-improvements other than building	-	122,603	47,540	75,063
Excess (deficiency) of revenues over (under) expenditures	-	(122,603)	(39,360)	83,243
Other financing sources (uses)				
Transfers in	752,000	752,000	752,000	-
Transfers out	(803,885)	(803,885)	(803,885)	-
Total other financing (uses)	(51,885)	(51,885)	(51,885)	-
Net change in fund balance	(51,885)	(174,488)	(91,245)	83,243
Fund balance - beginning	944,306	1,340,589	1,346,594	6,005
Fund balance - ending	<u>\$ 892,421</u>	<u>\$ 1,166,101</u>	<u>\$ 1,255,349</u>	<u>\$ 89,248</u>

Park City Municipal Corporation, Utah
Municipal Building Authority Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 3,007	\$ 3,007
Expenditures				
Capital outlay-improvements other than building	-	42,198	8,011	34,187
Excess (deficiency) of revenues over (under) expenditures	-	(42,198)	(5,004)	37,194
Net change in fund balance	-	(42,198)	(5,004)	37,194
Fund balance - beginning	459,542	458,911	460,965	2,054
Fund balance - ending	<u>\$ 459,542</u>	<u>\$ 416,713</u>	<u>\$ 455,961</u>	<u>\$ 39,248</u>

Park City Municipal Corporation, Utah
Equipment Replacement Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Capital outlay - equipment	\$ 1,011,000	\$ 2,471,132	\$ 1,250,276	\$ 1,220,856
Other financing sources				
Sale of capital assets	-	-	33,825	33,825
Transfers in	996,000	1,011,000	1,011,000	-
Total other financing sources	<u>996,000</u>	<u>1,011,000</u>	<u>1,044,825</u>	<u>33,825</u>
Net change in fund balance	(15,000)	(1,460,132)	(205,451)	1,254,681
Fund balance - beginning	<u>363,218</u>	<u>1,832,162</u>	<u>1,832,162</u>	<u>-</u>
Fund balance - ending	<u>\$ 348,218</u>	<u>\$ 372,030</u>	<u>\$ 1,626,711</u>	<u>\$ 1,254,681</u>

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing and operations of services provided to various City departments and other governments, on a cost-reimbursement basis. Included are:

Fleet Services Fund: Fleet Services Fund accounts for the cost of storage, repair and maintenance of City-owned vehicles.

Self-Insurance Fund: Self-Insurance Fund accounts for the establishment of a self-insurance program.

Park City Municipal Corporation, Utah
Combining Statement of Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	<u>Fleet Services Fund</u>	<u>Self- Insurance Fund</u>	<u>Total</u>
Assets			
Current assets:			
Cash, cash equivalents and investments	\$ 1,126,677	\$ 1,230,802	\$ 2,357,479
Accounts receivable	57,319	-	57,319
Inventories	298,724	-	298,724
Total current assets	<u>1,482,720</u>	<u>1,230,802</u>	<u>2,713,522</u>
Capital assets			
Vehicles and equipment	47,450	-	47,450
Accumulated depreciation	<u>(47,450)</u>	<u>-</u>	<u>(47,450)</u>
Net capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Net pension asset	<u>381</u>	<u>-</u>	<u>381</u>
Total assets	<u>1,483,101</u>	<u>1,230,802</u>	<u>2,713,903</u>
Deferred outflows of resources			
Deferred outflows of resources related to pensions	<u>242,194</u>	<u>-</u>	<u>242,194</u>
Total deferred outflows of resources	<u>242,194</u>	<u>-</u>	<u>242,194</u>
Liabilities			
Current liabilities:			
Accounts payable	112,690	262,531	375,221
Accrued liabilities	29,322	-	29,322
Compensated absences	8,697	-	8,697
Total current liabilities	<u>150,709</u>	<u>262,531</u>	<u>413,240</u>
Noncurrent liabilities:			
Compensated absences	55,370	-	55,370
Net pension liability	535,969	-	535,969
Total noncurrent liabilities	<u>591,339</u>	<u>-</u>	<u>591,339</u>
Total liabilities	<u>742,048</u>	<u>262,531</u>	<u>1,004,579</u>
Deferred inflows of resources			
Deferred inflows of resources related to pensions	<u>43,696</u>	<u>-</u>	<u>43,696</u>
Total deferred inflows of resources	<u>43,696</u>	<u>-</u>	<u>43,696</u>
Total net position-unrestricted	<u>\$ 939,551</u>	<u>\$ 968,271</u>	<u>\$ 1,907,822</u>

Park City Municipal Corporation, Utah
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	Fleet Services Fund	Self- Insurance Fund	Total
Operating revenues-charges for services	<u>\$ 2,448,000</u>	<u>\$ 1,250,665</u>	<u>\$ 3,698,665</u>
Operating expenses			
Salaries and benefits	1,008,091	-	1,008,091
Supplies, maintenance and services	811,994	889,841	1,701,835
Energy and utilities	765,670	-	765,670
Total operating expenses	<u>2,585,755</u>	<u>889,841</u>	<u>3,475,596</u>
Income (loss) from operations and change in net position	<u>(137,755)</u>	<u>360,824</u>	<u>223,069</u>
Net position - beginning	1,077,306	607,447	1,684,753
Net position - ending	<u><u>\$ 939,551</u></u>	<u><u>\$ 968,271</u></u>	<u><u>\$ 1,907,822</u></u>

Park City Municipal Corporation, Utah
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	Fleet Services Fund	Self- Insurance Fund	Total
Cash flows from operating activities			
Receipts from customers	\$ 2,453,266	\$ 1,250,665	\$ 3,703,931
Payments to suppliers	(1,415,993)	(891,535)	(2,307,528)
Payments to employees	(885,849)	-	(885,849)
Net cash provided by operating activities	<u>151,424</u>	<u>359,130</u>	<u>510,554</u>
Net increase in cash, cash equivalents and investments	151,424	359,130	510,554
Balances—beginning of the year	<u>975,253</u>	<u>871,672</u>	<u>1,846,925</u>
Balances—end of the year	<u>\$ 1,126,677</u>	<u>\$ 1,230,802</u>	<u>\$ 2,357,479</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (137,755)	\$ 360,824	\$ 223,069
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Change in assets and liabilities:			
Receivables, net	5,266	-	5,266
Inventories	141,599	-	141,599
Accounts and other payables	11,677	(1,694)	9,983
Accrued expenses	130,637	-	130,637
Net cash provided by operating activities	<u>\$ 151,424</u>	<u>\$ 359,130</u>	<u>\$ 510,554</u>

FIDUCIARY FUND

The Park City Agency Fund is used to hold deposits and performance bonds.

Park City Municipal Corporation, Utah
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Park City Agency				
Assets				
Cash, cash equivalents and investments	\$ <u>2,149,817</u>	\$ <u>1,363,795</u>	\$ <u>(1,677,312)</u>	\$ <u>1,836,300</u>
Liabilities				
Deposits	\$ <u>2,149,817</u>	\$ <u>1,363,795</u>	\$ <u>(1,677,312)</u>	\$ <u>1,836,300</u>

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STATISTICAL SECTION

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

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule 1
Park City Municipal Corporation, Utah
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012 (1)	2013	2014 (1)	2015	2016
Governmental activities										
Net investment in capital assets	\$ 89,314,177	\$ 94,499,292	\$ 104,268,572	\$ 126,232,311	\$ 133,919,927	\$ 136,071,293	\$ 142,887,371	\$ 150,053,024	\$ 159,315,342	\$ 162,071,121
Restricted	9,601,159	6,881,623	16,373,427	8,409,654	4,523,349	1,300,187	756,943	6,914,189	12,914,983	7,923,222
Unrestricted	58,692,064	64,231,443	46,530,239	40,053,884	39,298,940	43,625,788	42,124,211	31,427,218	25,315,602	34,627,889
Total governmental activities net position	<u>\$ 157,607,400</u>	<u>\$ 165,612,358</u>	<u>\$ 167,172,238</u>	<u>\$ 174,695,849</u>	<u>\$ 177,742,216</u>	<u>\$ 180,997,268</u>	<u>\$ 185,768,525</u>	<u>\$ 188,394,431</u>	<u>\$ 197,545,927</u>	<u>\$ 204,622,232</u>
Business-type activities										
Net investment in capital assets	\$ 34,285,569	\$ 33,742,422	\$ 36,546,622	\$ 45,544,573	\$ 51,237,710	\$ 56,867,717	\$ 57,738,180	\$ 58,889,312	\$ 61,064,884	\$ 64,172,905
Restricted	9,745,959	8,881,500	9,254,588	22,052,008	9,905,734	4,625,572	7,168,903	5,103,868	5,104,841	5,128,238
Unrestricted	10,525,780	16,473,348	17,152,620	234,871	11,465,665	18,103,004	16,869,063	20,587,531	24,110,275	22,449,523
Total business-type activities net position	<u>\$ 54,557,308</u>	<u>\$ 59,097,270</u>	<u>\$ 62,953,830</u>	<u>\$ 67,831,452</u>	<u>\$ 72,609,109</u>	<u>\$ 79,596,293</u>	<u>\$ 81,776,146</u>	<u>\$ 84,580,711</u>	<u>\$ 90,280,000</u>	<u>\$ 91,750,666</u>
Primary government										
Net investment in capital assets	\$ 123,599,746	\$ 128,241,714	\$ 140,815,194	\$ 171,776,884	\$ 185,157,637	\$ 192,939,010	\$ 200,625,551	\$ 208,942,336	\$ 220,380,226	\$ 226,244,026
Restricted	19,347,118	15,763,123	25,628,015	30,461,662	14,429,083	5,925,759	7,925,846	12,018,057	18,019,824	13,051,460
Unrestricted	69,217,844	80,704,791	63,682,859	40,288,755	50,764,605	61,728,792	58,993,274	52,014,749	49,425,877	57,077,412
Total primary government net position	<u>\$ 212,164,708</u>	<u>\$ 224,709,628</u>	<u>\$ 230,126,068</u>	<u>\$ 242,527,301</u>	<u>\$ 250,351,325</u>	<u>\$ 260,593,561</u>	<u>\$ 267,544,671</u>	<u>\$ 272,975,142</u>	<u>\$ 287,825,927</u>	<u>\$ 296,372,898</u>

Notes:
(1) Restated

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012 (5)	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 9,104,598	\$ 13,410,484	\$ 15,340,741	\$ 15,424,562	\$ 13,876,694	\$ 16,418,511	\$ 15,410,428	\$ 17,971,342	\$ 19,233,343	\$ 19,676,565
Public safety	3,639,734	4,150,644	4,243,055	4,410,647	4,523,175	4,749,019	5,005,854	5,023,548	5,270,197	5,705,960
Public works	7,945,868	9,355,418	8,464,545	8,186,146	7,539,516	7,120,275	7,225,061	7,053,923	6,967,243	7,088,647
Library and recreation	2,858,010	3,181,083	3,234,338	3,252,784	3,146,783	3,707,452	4,194,025	4,408,912	4,618,338	5,671,823
Interest on long-term debt	1,742,611	1,615,426	1,767,188	2,213,998	2,039,807	1,812,222	1,588,388	1,552,101	1,285,952	1,456,433
Total governmental activities expenses	<u>25,290,821</u>	<u>31,713,055</u>	<u>33,049,867</u>	<u>33,488,137</u>	<u>31,125,975</u>	<u>33,807,479</u>	<u>33,423,756</u>	<u>36,009,826</u>	<u>37,375,073</u>	<u>39,599,428</u>
Business-type activities:										
Water	6,021,603	5,953,499	7,895,070	9,220,606	9,168,368	9,828,676	10,980,949	11,678,822	11,870,125	12,934,161
Transportation and parking	6,822,384	7,244,088	7,167,411	9,406,997	8,433,607	9,243,798	9,608,636	10,378,982	10,804,211	11,801,545
Golf course	1,609,662	1,236,033	1,280,080	1,182,865	1,291,645	1,394,404	1,415,478	1,441,498	1,512,330	1,541,601
Total business-type activities expenses	<u>14,453,649</u>	<u>14,433,620</u>	<u>16,342,561</u>	<u>19,810,468</u>	<u>18,893,620</u>	<u>20,466,878</u>	<u>22,005,063</u>	<u>23,499,302</u>	<u>24,186,666</u>	<u>26,277,307</u>
Total primary government expenses	<u>\$ 39,744,470</u>	<u>\$ 46,146,675</u>	<u>\$ 49,392,428</u>	<u>\$ 53,298,605</u>	<u>\$ 50,019,595</u>	<u>\$ 54,274,357</u>	<u>\$ 55,428,819</u>	<u>\$ 59,509,128</u>	<u>\$ 61,561,739</u>	<u>\$ 65,876,735</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 4,440,720	\$ 5,807,731	\$ 3,120,334	\$ 1,535,425	\$ 1,959,149	\$ 2,072,172	\$ 2,388,214	\$ 3,907,142	\$ 4,718,626	\$ 3,734,852
Public safety	2,290	1,350	1,695	2,550	2,700	6,593	12,313	100	-	3,996
Public works	50,515	209,828	249,405	201,643	219,843	222,708	246,390	190,022	224,820	200,761
Library and recreation	1,091,658	1,147,238	1,236,024	1,107,536	836,328	1,142,700	1,287,791	1,309,934	1,210,362	1,295,132
Operating grants and contributions	126,395	158,494	111,044	88,142	126,759	151,111	350,352	165,147	121,866	145,704
Capital grants and contributions	817,530	1,951,362	3,163,329	8,827,676	649,032	1,476,472	1,073,924	1,879,881	2,479,239	324,650
Total governmental activities program revenues	<u>6,529,108</u>	<u>9,276,003</u>	<u>7,881,831</u>	<u>11,762,972</u>	<u>3,793,811</u>	<u>5,071,756</u>	<u>5,358,984</u>	<u>7,452,226</u>	<u>8,754,913</u>	<u>5,705,095</u>
Business-type activities:										
Charges for services										
Water	6,002,411	5,814,397	7,233,359	7,370,380	8,416,666	9,915,490	12,242,653	13,171,473	14,176,728	15,205,729
Transportation and parking	2,840,910	3,280,270	3,421,979	3,842,616	3,495,838	3,487,939	3,977,883	3,895,008	4,255,752	4,497,989
Golf course	948,753	955,473	994,049	843,621	878,237	1,033,286	1,102,133	1,056,248	1,105,882	1,139,839
Operating grants and contributions	1,536,448	54,774	1,186,122	3,219,683	-	3,681,732	-	1,649,174	1,602,990	-
Capital grants and contributions	5,134,055	4,097,331	4,095,971	4,449,296	6,367,580	4,856,335	2,373,881	3,353,572	4,186,198	1,956,426
Total business-type activities program revenues	<u>16,462,577</u>	<u>14,202,245</u>	<u>16,931,480</u>	<u>19,725,596</u>	<u>19,158,321</u>	<u>22,974,782</u>	<u>19,696,550</u>	<u>23,125,475</u>	<u>25,327,550</u>	<u>22,799,983</u>
Total primary government program revenues	<u>\$ 22,991,685</u>	<u>\$ 23,478,248</u>	<u>\$ 24,813,311</u>	<u>\$ 31,488,568</u>	<u>\$ 22,952,132</u>	<u>\$ 28,046,538</u>	<u>\$ 25,055,534</u>	<u>\$ 30,577,701</u>	<u>\$ 34,082,463</u>	<u>\$ 28,505,078</u>
Net (expense)/revenue										
Governmental activities	\$ (18,761,713)	\$ (22,437,052)	\$ (25,168,036)	\$ (21,725,165)	\$ (27,332,164)	\$ (28,735,723)	\$ (28,064,772)	\$ (28,557,600)	\$ (28,620,160)	\$ (33,894,333)
Business-type activities	2,008,928	(231,375)	588,919	(84,872)	264,701	2,507,904	(2,308,513)	(373,827)	1,140,884	(3,477,324)
Total primary government net expense	<u>\$ (16,752,785)</u>	<u>\$ (22,668,427)</u>	<u>\$ (24,579,117)</u>	<u>\$ (21,810,037)</u>	<u>\$ (27,067,463)</u>	<u>\$ (26,227,819)</u>	<u>\$ (30,373,285)</u>	<u>\$ (28,931,427)</u>	<u>\$ (27,479,276)</u>	<u>\$ (37,371,657)</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012 (5)	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property tax, levied for general purposes	\$ 10,504,429	\$ 11,051,669	\$ 11,003,476	\$ 11,921,879	\$ 12,442,798	\$ 13,797,851	\$ 13,587,385	\$ 12,772,297	\$ 12,809,892	\$ 14,755,299
Property tax, levied for debt service	2,211,909	2,211,909	2,211,909	4,009,000	4,570,315	4,580,904	4,577,873	5,082,714	5,321,592	3,723,453
General sales and use tax	4,352,388	4,047,348	3,881,142	3,990,274	3,966,554	4,125,435	4,187,472	4,347,534	4,731,904	5,180,094
Franchise tax	2,529,915	2,748,571	2,720,272	2,774,319	2,906,982	2,816,070	3,037,407	3,158,716	3,061,207	3,185,820
Resort tax	5,155,164	5,157,557	4,709,483	4,483,804	5,022,250	5,443,231	5,983,636	9,151,788	10,066,040	11,154,870
Investment earnings	3,968,351	3,669,971	1,646,364	753,587	399,928	283,191	258,657	348,090	261,735	434,588
Miscellaneous	983,013	793,279	874,055	1,124,367	1,022,968	944,093	1,203,599	1,594,150	804,286	492,730
Gain/Loss on sale of capital assets	3,079,451	761,706	(46,785)	-	215,705	-	-	-	-	1,328,784
Transfers	-	-	-	(1,132,821)	(168,969)	-	-	-	715,000	715,000
Total governmental activities	32,784,620	30,442,010	26,999,916	27,924,409	30,378,531	31,990,775	32,836,029	36,455,289	37,771,656	40,970,638
Business-type activities:										
General sales and use tax	3,469,575	3,550,538	2,436,838	3,127,767	3,503,440	3,798,125	3,868,264	4,019,133	4,398,879	4,877,098
Investments earnings	821,835	892,754	543,562	339,629	438,221	247,058	196,237	358,535	367,709	327,289
Miscellaneous	429,555	328,045	287,241	362,277	402,326	434,097	423,865	497,745	506,817	458,603
Transfers	-	-	-	1,132,821	168,969	-	-	-	(715,000)	(715,000)
Total business-type activities	4,720,965	4,771,337	3,267,641	4,962,494	4,512,956	4,479,280	4,488,366	4,875,413	4,558,405	4,947,990
Total primary government	\$ 37,505,585	\$ 35,213,347	\$ 30,267,557	\$ 32,886,903	\$ 34,891,487	\$ 36,470,055	\$ 37,324,395	\$ 41,330,702	\$ 42,330,061	\$ 45,918,628
Change in Net Position										
Governmental activities	\$ 14,022,907	\$ 8,004,958	(1) \$ 1,831,880	(2) \$ 6,199,244	(3) \$ 3,046,367	(4) \$ 3,255,052	\$ 4,771,257	\$ 7,897,689	(6) \$ 9,151,496	\$ 7,076,305 (9)
Adjustment to governmental activities net position	-	-	-	-	-	-	-	(5,271,783) (7)	-	-
Business-type activities	6,729,893	4,539,962	3,856,560	4,877,622	4,777,657	6,987,184	2,179,853	4,501,586	5,699,289	1,470,666 (10)
Adjustment to business-type activities net position	-	-	-	-	-	-	-	(1,697,021) (7)	-	-
Total primary government	\$ 20,752,800	\$ 12,544,920	\$ 5,688,440	\$ 11,076,866	\$ 7,824,024	\$ 10,242,236	\$ 6,951,110	\$ 5,430,471	\$ 14,850,785 (8)	\$ 8,546,971

Notes:

- (1) Decrease in governmental activities net position is due to increases in general government, public safety and public works expense.
- (2) Decrease in governmental activities net position is due to increases in payroll expenses and the ice facility, which was open two more months in FY 2009 compared to FY 2008.
- (3) Increase in governmental activities net position is due to increases in capitalizable grants and contributions.
- (4) Decrease in governmental activities net position is due to decreases in capitalizable grants and contributions.
- (5) Restated.
- (6) Increase in governmental activities net position is due to increases in resort tax collected.
- (7) FY 2015 - Implemented GASB 68, Accounting and Financial Reporting for Pensions, required restatement of FY 2014.
- (8) Increase in total primary government net position is due to restatement of fiscal year 2014 for the implementation of GASB 68.
- (9) Decrease in governmental activities net position is due to increased expenses in general government and decreases in capital grants and contributions.
- (10) Decrease in business-type activities net position is due to increased expenses in water and transportation and decreases in operating and capital grants and contributions.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Unreserved, undesignated	\$ 4,614,015	\$ 3,672,132	\$ 3,747,296	\$ 3,894,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-	4,209,020	4,011,625	5,515,127	6,670,716	6,836,193	6,779,674
Restricted - Drug and tobacco enforcement	-	-	-	-	31,258	36,517	47,776	46,402	47,201	48,640
Total general fund	<u>\$ 4,614,015</u>	<u>\$ 3,672,132</u>	<u>\$ 3,747,296</u>	<u>\$ 3,894,972</u>	<u>\$ 4,240,278</u>	<u>\$ 4,048,142</u>	<u>\$ 5,562,903</u>	<u>\$ 6,717,118</u>	<u>\$ 6,883,394</u>	<u>\$ 6,828,314</u>
All other governmental funds										
Reserved										
Major capital projects funds-capital projects	\$ 3,512,677	\$ 1,506,103	\$ 11,384,726	\$ 6,608,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Major debt service funds-capital projects	4,247,676	4,022,666	4,104,881	1,115,930	-	-	-	-	-	-
Major debt service	46,755	222,246	204,089	3,880	-	-	-	-	-	-
Nonmajor debt service funds-capital projects	1,111,655	-	-	-	-	-	-	-	-	-
Nonmajor debt service funds-debt service	682,396	1,130,608	679,731	680,861	-	-	-	-	-	-
Unreserved, designated										
Major capital projects funds	42,039,728 (1)	46,763,396 (1)	40,220,685 (1)	26,618,929 (1)	-	-	-	-	-	-
Nonmajor capital projects funds	3,469,259	3,140,465	1,798,846	1,948,358	-	-	-	-	-	-
Major debt service funds	488,982	652,121	647,183	1,084,351	-	-	-	-	-	-
Nonmajor debt service funds	118,394	187,889	198,251	203,868	-	-	-	-	-	-
Unreserved, undesignated										
Major capital projects funds	7,725,190	8,950,857	5,250,664	6,496,859	-	-	-	-	-	-
Major debt service funds	(2,684,701)	(2,501,669)	(2,384,282)	-	-	-	-	-	-	-
Nonmajor capital projects funds	2,078,624	76,071	570,697	1,215,873	-	-	-	-	-	-
Nonmajor debt service funds	-	1,094,765	-	-	-	-	-	-	-	-
Restricted for:										
Capital projects	-	-	-	-	4,490,602 (2)	1,261,260	708,350	6,866,835	12,779,745	7,872,086
Debt service	-	-	-	-	1,489	2,410	817	952	88,037	2,496
Assigned:										
Capital projects funds	-	-	-	-	34,536,547	-	-	-	-	-
Debt service funds	-	-	-	-	1,537,118	-	-	-	-	-
Committed:										
Capital projects funds	-	-	-	-	-	31,635,190	31,470,751	32,340,968	29,882,740	34,849,188
Debt service funds	-	-	-	-	-	1,713,903	1,480,633	1,557,901	2,236,514	1,816,767
Special revenue funds	-	-	-	-	-	-	-	-	-	516,758
Total all other governmental funds	<u>\$ 62,836,635</u>	<u>\$ 65,245,518</u>	<u>\$ 62,675,471</u>	<u>\$ 45,977,892</u>	<u>\$ 40,565,756</u>	<u>\$ 34,612,763</u>	<u>\$ 33,660,551</u>	<u>\$ 40,766,656</u>	<u>\$ 44,987,036</u>	<u>\$ 45,057,295</u>

Notes:
(1) Designated fund balance includes a transfer from the general fund to the capital projects improvement fund per the City's budget, as follows:
FY 2007-transfer of \$5.6 million; FY 2008-transfer of \$4.8 million; FY 2009-transfer of \$2.8 million; FY 2010-transfer of \$1.6 million.
(2) FY 2011- Implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes and special assessments	\$ 24,781,947	\$ 25,235,186	\$ 24,523,906	\$ 27,038,657	\$ 28,939,586	\$ 30,705,261	\$ 31,399,695	\$ 34,486,284	\$ 33,269,379	\$ 35,194,462
Licenses and permits	2,686,965	3,286,754	1,702,201	808,055	1,067,438	1,166,721	1,446,142	2,611,576	3,025,886	2,462,374
Intergovernmental	843,925	1,310,951	601,868	690,912	775,791	627,433	1,404,276	1,818,822	5,346,423	3,288,064
Charges for services	1,603,390	1,640,952	1,785,328	1,705,148	1,526,455	1,910,119	2,017,593	2,194,197	2,071,230	2,119,339
Fines and forfeitures	26,981	44,855	43,825	40,562	28,833	29,404	35,342	21,648	14,206	26,902
Investment income	3,968,351	3,669,971	1,646,364	753,587	399,928	283,191	258,657	348,090	261,735	434,588
Impact fees	1,267,847	1,310,955	844,074	109,553	191,521	133,421	201,235	397,737	817,666	425,365
Rental and other miscellaneous	1,407,452	3,273,529	2,017,353	2,843,770	2,104,193	2,366,777	1,476,317	1,912,540	2,873,179	1,546,004
Total revenues	36,586,858	39,773,153	33,164,919	33,990,244	35,033,745	37,222,327	38,239,257	43,790,894	47,679,704	45,497,098
Expenditures										
General government	7,983,283	9,341,117	9,290,488	9,926,208	10,717,351	11,260,367	11,381,542	12,086,576	13,653,938	14,604,316
Public safety	3,565,474	3,986,114	3,929,574	4,118,458	4,266,143	4,498,776	4,687,516	4,684,672	4,953,544	5,349,433
Public works	4,098,548	5,426,957	4,464,352	4,366,909	4,422,633	4,718,003	4,835,958	4,643,828	4,718,959	4,878,647
Library and recreation	2,370,047	2,565,820	2,581,640	2,608,012	2,534,737	2,839,500	3,164,535	3,361,464	3,495,302	3,824,435
Debt Service										
Principal retirement	3,703,520	3,847,159	5,171,070	5,955,275	5,349,796	5,424,637	4,664,880	5,220,496	18,086,533	5,118,024
Interest	1,756,593	1,629,489	1,674,501	2,065,562	2,066,631	1,835,199	1,661,003	1,616,778	1,528,829	1,788,808
Bond issuance costs	-	43,417	261,213	137,262	51,663	-	-	123,931	503,979	-
Arbitrage rebate	-	-	-	31,874	-	-	-	-	-	-
Capital outlay	15,173,156	14,402,328	35,150,900	33,827,783	12,847,882	17,073,402	8,517,860	13,923,767	26,614,261	11,953,996
Economic development	-	-	-	-	-	-	-	-	405,435	951,268
Total expenditures	38,650,621	41,242,401	62,523,738	63,037,343	42,256,836	47,649,884	38,913,294	45,661,512	73,960,780	48,468,927
Revenues (under) expenditures	(2,063,763)	(1,469,248)	(29,358,819)	(29,047,099)	(7,223,091)	(10,427,557)	(674,037)	(1,870,618)	(26,281,076)	(2,971,829)
Other financing sources (uses)										
Debt issuance	-	779,793	24,477,505	6,092,683	-	-	-	7,170,000	16,975,000	-
Refunding bonds issued	-	-	1,695,000	2,025,000	1,525,000	-	-	1,930,000	10,110,000	-
Payment to refunded bondholders	-	-	(1,695,000)	-	(2,655,000)	-	-	(1,930,000)	-	-
Payment to refunded bond escrow agent	-	-	-	(2,055,334)	-	-	-	-	-	-
Premium on debt issuance	-	-	270,712	89,739	-	-	-	92,774	773,546	-
Premium on refunding bonds	-	-	-	59,922	33,592	-	-	50,769	673,841	-
Payment received on note	-	-	-	-	-	-	-	1,375,000	-	-
Discount on debt issuance	-	-	(25,209)	-	-	-	-	-	-	-
Sale of capital assets	3,995,223	1,606,153	16,515	4,155,231	1,124,436	2,290,798	17,586	146,554	23,811	755,648
Transfers in	11,754,974	11,673,653	30,892,855	12,836,826	6,595,012	6,424,043	4,731,710	10,978,139	19,728,745	11,965,394
Transfers out	(9,458,707)	(11,123,351)	(28,768,442)	(10,706,871)	(4,466,779)	(4,432,413)	(3,512,710)	(9,682,298)	(17,617,211)	(9,734,034)
Total other financing sources	6,291,490	2,936,248	26,863,936	12,497,196	2,156,261	4,282,428	1,236,586	10,130,938	30,667,732	2,987,008
Net change in fund balances	\$ 4,227,727	\$ 1,467,000	\$ (2,494,883)	\$ (16,549,903)	\$ (5,066,830)	\$ (6,145,129)	\$ 562,549	\$ 8,260,320	\$ 4,386,656	\$ 15,179
Debt Service as a percentage of noncapital expenditures	21%	18%	21%	24%	23%	21%	19%	19%	40%	17%

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

Fiscal Year	Property Tax	Sales and Use Tax	Franchise Tax	Resort Tax	Total
2007	\$ 8,968,068	\$ 4,352,388	\$ 2,529,915	\$ 5,155,164	\$ 21,005,535
2008	9,353,405	4,047,348	2,748,571	5,157,557	21,306,881
2009	9,148,584	3,881,142	2,720,272	4,709,483	20,459,481
2010	11,750,185	3,990,274	2,774,319	4,483,804	22,998,582
2011	13,217,398	3,966,554	2,906,982	3,022,250	23,113,184
2012	14,545,369	4,125,435	2,816,070	3,643,231	25,130,105
2013	14,601,807	4,187,472	3,037,407	3,461,728	25,288,414
2014	14,361,738	4,347,534	3,158,716	2,966,879	24,834,867
2015	14,590,197	4,731,904	3,061,207	2,676,858	25,060,166
2016	14,832,024	5,180,094	3,185,820	2,257,164	25,455,102
Change: 2007-2016	65.4%	19.0%	25.9%	-56.2%	21.2%

Note: (1) Includes general fund and debt service fund.

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

<u>Calendar Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Miscellaneous Property</u>	<u>Total Assessed Value</u>	<u>Total Estimated Actual Value of Taxable Property</u>	<u>Total Direct Tax Rate</u>
2006	\$ 5,310,584	\$ 403,302	\$ 346,877	\$ 6,060,763	\$ 6,959,883	0.001983 %
2007	6,595,402	488,894	372,113	7,456,409	8,472,956	0.001674
2008	7,875,426	516,851	401,060	8,793,337	9,962,881	0.001779
2009	6,026,603	543,548	351,478	6,921,629	8,028,606	0.002148
2010	5,501,360	552,927	344,217	6,398,504	7,261,898	0.002130
2011	5,858,428	781,086	457,203	7,096,717	7,941,327	0.002236
2012	5,821,784	770,866	417,491	7,010,141	7,826,836	0.002197
2013	5,937,313	678,855	401,319	7,017,488	7,835,845	0.002131
2014	6,274,164	679,149	389,160	7,342,473	8,215,313	0.002067
2015	6,740,782	689,374	390,248	7,820,404	8,748,413	0.001972

Source: Utah State Tax Commission, Property Tax Division

Note: (1) Starting in 2013 the City uses the Utah State Tax Commission as the source to obtain more accurate information, data was updated for all years shown for comparison.

Schedule 7
Park City Municipal Corporation, Utah
Assessed Value of Taxable Property Including Fee-In-Lieu
Summit and Wasatch Counties Combined (2)
Last Ten Calendar Years
(in thousands of dollars)

<u>Calendar Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Miscellaneous Property</u>	<u>Fee-In-Lieu Value</u>	<u>Total Assessed Value</u>
2006	\$ 5,310,584	\$ 403,302	\$ 346,877	\$ 13,666	\$ 6,074,429
2007	6,595,402	488,894	372,113	14,397	7,470,806
2008	7,875,426	516,851	401,060	13,943	8,807,280
2009	6,026,603	543,548	351,478	11,815	6,933,444
2010	5,501,360	552,927	344,217	13,509	6,412,013
2011	5,858,428	781,086	457,203	12,755	(1) 7,109,472
2012	5,821,784	770,866	417,491	13,179	7,023,320
2013	5,937,313	678,855	401,319	13,820	7,031,308
2014	6,274,164	679,149	389,160	14,560	7,357,033
2015	6,740,782	689,374	390,248	14,252	7,834,656

Source: Utah State Tax Commission, Property Tax Division

Notes: (1) The State's method of calculating the Fee-In-Lieu was changed in 2011, previous years were recalculated using the old formula.
(2) Starting in 2013 the City uses Utah State Tax Commission as the source to obtain more accurate information, data was updated for all years shown for comparison.

Schedule 8
Park City Municipal Corporation, Utah
Taxable Retail Sales by Category
Last Ten Calendar Years
(in thousands of dollars)

	Calendar Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Apparel stores	\$ 24,620	\$ 27,266	\$ 23,627	\$ 19,710	\$ 21,833	\$ 25,919	\$ 24,069	\$ 22,927	\$ 25,777	\$ 35,245
Food stores	47,386	50,148	66,801	60,784	60,269	64,592	67,066	56,238	57,809	60,862
Sporting goods, hobby, book and music	-	-	33,633 (1)	29,779	35,891	40,163	38,638	40,609	40,524	43,363
Home furnishings and appliances	15,126	15,073	13,717	12,363	21,785	21,745	20,849	12,394	12,730	12,735
Building materials and farm tools	29,142	25,252	7,008	4,871	2,735	2,704	2,819	3,654	3,652	5,695
Miscellaneous retail stores	72,966	73,907	28,323	23,798	26,427	26,894	27,985	25,884	29,162	30,691
All other outlets	<u>1,477</u>	<u>1,628</u>	<u>11,156</u>	<u>6,953</u>	<u>3,698</u>	<u>3,484</u>	<u>3,674</u>	<u>4,452</u>	<u>4,329</u>	<u>4,283</u>
Total	\$ <u>190,717</u>	\$ <u>193,274</u>	\$ <u>184,265</u>	\$ <u>158,258</u>	\$ <u>172,638</u>	\$ <u>185,501</u>	\$ <u>185,100</u>	\$ <u>166,158</u>	\$ <u>173,983</u>	\$ <u>192,874</u>
City direct sales tax rate	2.25 %	2.25 %	2.40 %	2.40 %	2.40 %	2.40 %	2.90 %	2.90 %	2.90 %	2.90 %

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

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

Schedule 9
 Park City Municipal Corporation, Utah
 Direct and Overlapping Property Tax Rates
 Last Ten Calendar Years

Calendar Year	City Direct Rates			Overlapping Rates						Total Levy for Park City Residents
	Basic Rate	General Obligation Debt Service	Total Direct	Summit County Levy	State Assessment/Collecting	Weber Basin Water	Park City Fire	Park City School	Summit Co. Mosquito Abatement	
2006	0.001493	0.000490	0.001983	0.001009	0.000247	0.000178	0.000963	0.005212	0.000044	0.009636
2007	0.001288	0.000386	0.001674	0.000846	0.000213	0.000200	0.000811	0.004302	0.000038	0.008084
2008	0.001125	0.000654	0.001779	0.000753	0.000182	0.000181	0.000846	0.003895	0.000034	0.007670
2009	0.001327	0.000821	0.002148	0.000746	0.000202	0.000188	0.000849	0.004018	0.000034	0.008185
2010	0.001389	0.000741	0.002130	0.000895	0.000228	0.000207	0.001070	0.004360	0.000040	0.008930
2011	0.001383	0.000853	0.002236	0.000924	0.000241	0.000217	0.001161	0.004405	0.000040	0.009224
2012	0.001431	0.000766	0.002197	0.000943	0.000239	0.000215	0.000987	0.004924	0.000041	0.009546
2013	0.001385	0.000746	0.002131	0.000909	0.000226	0.000210	0.000950	0.004630	0.000040	0.009096
2014	0.001248	0.000819	0.002067	0.000826	0.000222	0.000199	0.000907	0.004770	0.000038	0.009029
2015	0.001362	0.000610	0.001972	0.000767	0.000205	0.000199	0.000841	0.004461	0.000035	0.008480

Tax Rate (per \$1 of taxable value)

Source: Summit County property tax notices.

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

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

<u>Calendar Year</u>	<u>City Direct Rate</u>	<u>Summit County</u>	<u>State of Utah</u>	<u>Total</u>
2007	2.25 %	0.35 %	4.75 %	7.35 %
2008	2.40	0.35	4.65	7.40
2009	2.40	0.35	4.70	7.45
2010	2.40	0.35	4.70	7.45
2011	2.40	0.35	4.70	7.45
2012	2.40	0.35	4.70	7.45
2013	2.90 (1)	0.35	4.70	7.95
2014	2.90	0.35	4.70	7.95
2015	2.90	0.35	4.70	7.95
2016	2.90	0.35	4.70	7.95

Source: Utah State Tax Commission

Note: (1) Includes 0.50 percent Additional Resort Communities Sales and Use Tax implemented in fiscal year 2013.

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

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Talisker Empire Pass Hotel LLC (Montage)	\$ 227,153,300	1	2.60 %	\$ -	-	- %
Marriott Ownership Resorts	114,504,078	2	1.31	114,504,078	1	3.04
AG-WIP 333 Main Street Owner LLC	35,167,000	3	0.40	-	-	-
Deer Valley Resort	30,892,906	4	0.35	26,841,595	2	0.71
VR CPC Holdings Inc. (Vail Resorts)	29,253,568	5	0.33	-	-	-
United Park City Mines	28,098,000	6	0.32	-	-	-
SR Silver Lake LLC	27,500,000	7	0.31	-	-	-
Chateaux at Silver Lake	21,521,376	8	0.25	-	-	-
Silver Lake Development Corp.	19,540,360	9	0.22	-	-	-
Residences at the Chateaux	16,000,000	10	0.18	-	-	-
Mountain Developments Inc.	-	-	-	15,977,770	3	0.42
Sunstone Sidewinder LLC	-	-	-	12,504,078	4	0.33
Yarrow Hotel	-	-	-	11,069,997	5	0.29
Prospector Plaza	-	-	-	10,996,960	6	0.29
Qwest	-	-	-	10,976,761	7	0.29
Spring Canyon Associates	-	-	-	9,989,080	8	0.27
PacifiCorp	-	-	-	9,123,018	9	0.24
Snow Creek Center LLC	-	-	-	8,087,204	10	0.22
Totals	\$ <u>549,630,588</u>		<u>6.28</u> %	\$ <u>230,070,541</u>		<u>6.10</u> %

Source: Summit County Treasurer and Park City Finance Department

**Schedule 12
Park City Municipal Corporation, Utah
City Tax Revenue Collected by County
Last Ten Calendar Years**

Tax Year End 12/31			Collected Within the Year of the Levy		Total Collections to Date		
	Original Levy (1)	Adjusted Levy	Amount (2)	Percent of Adjusted Levy	Collections in Subsequent Years	Amount (2)	Percent of Net Levy
<u>Summit County</u>							
2006	\$ 9,179,147	\$ 9,173,475	\$ 8,550,050	93.20 %	\$ 623,425	\$ 9,164,100	99.90 %
2007	9,666,856	9,648,962	8,946,941	92.72	702,021	9,639,419	99.90
2008	9,714,765	9,682,178	8,972,113	92.67	710,065	9,674,827	99.92
2009	12,401,579	12,194,585	11,379,638	93.32	814,947	12,182,628	99.90
2010	12,984,657	12,918,445	12,060,672	93.36	857,773	12,899,839	99.86
2011	12,750,981	14,170,463	13,579,302	95.83	591,161	14,147,531	99.84
2012	14,655,626	14,650,150	13,275,742	90.62	1,368,069 (3)	14,643,811	99.96
2013	14,236,860	14,370,289	13,637,854	94.90	718,564	14,356,418	99.90
2014	14,445,661	14,596,864	13,714,698	93.96	845,276	14,559,974	99.75
2015	14,747,175	14,864,980	14,731,910	99.10	-	14,731,910	99.10
<u>Wasatch County</u>							
2006	\$ 199,350	\$ 190,368	\$ 190,368	100.00 %	\$ -	\$ 190,368	100.00 %
2007	173,621	166,911	166,911	100.00	-	166,911	100.00
2008	193,390	157,195	157,195	100.00	-	157,195	100.00
2009	346,442	287,560	287,560	100.00	-	287,560	100.00
2010	723,334	711,980	711,980	100.00	-	711,980	100.00
2011	568,568	521,424	521,424	100.00	-	521,424	100.00
2012	586,238	583,467	583,467	100.00	-	583,467	100.00
2013	608,641	605,996	605,996	100.00	-	605,996	100.00
2014	611,098	611,098	611,098	100.00	-	611,098	100.00
2015	588,597	580,842	580,842	100.00	-	580,842	100.00

Source: Summit and Wasatch County Annual Financial Reports.

- (1) Excludes redevelopment agencies valuation.
- (2) Total Collection amounts do not include any fee-in-lieu payments.
- (3) Increase was due to miscoding, by Summit County, of a large portion of Flaggstaff Annexation, which was corrected in calendar year 2013, and property taxes paid.

Schedule 13
Park City Municipal Corporation, Utah
Property Tax Levies and Collections (1)
Last Ten Calendar Years

Calendar Year Ended December 31,	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 9,363,843	\$ 8,740,418	93.34 %	\$ 623,425	\$ 9,354,468	99.90 %
2007	9,815,873	9,113,852	92.85	702,021	9,806,330	99.90
2008	9,839,373	9,129,308	92.78	710,065	9,832,022	99.93
2009	12,482,145	11,667,198	93.47	814,947	12,470,188	99.90
2010	13,630,425	12,772,652	93.71	857,773	13,611,819	99.86
2011	14,691,887	14,100,726	95.98	591,161	14,668,955	99.84
2012	15,233,617	13,859,209	90.98	1,368,069 (2)	15,227,278	99.96
2013	14,976,285	14,243,850	95.11	718,564	14,962,414	99.91
2014	15,207,962	14,325,796	94.20	845,276	15,171,072	99.76
2015	15,445,822	15,312,752	99.14	-	15,312,752	99.14

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

Notes:

(1) Includes general fund and debt service fund.

(2) Increase was due to miscoding, by Summit County, of a large portion of Flagstaff Annexation, which was corrected in calendar year 2013, and property taxes paid.

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

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Redevelopment Bonds	Sales Tax Increment Bonds (1)	Municipal Building Authority	Contracts Payable	Water Bonds (1)				
2007	\$ 17,175,000	\$ 3,930,000	\$ 17,000,000	\$ -	\$ 637,889	\$ 10,856,000	\$ 49,598,889	2.67 %	6,098	
2008	15,720,000	3,525,000	15,065,000	779,793	585,730	10,162,000	45,837,523	2.38	5,708	
2009	36,015,000 (3)	3,100,000	13,235,000	2,102,298	529,660	9,443,000	64,424,955	2.97	8,073	
2010	39,375,000 (5)	2,655,000	11,835,000	844,981	469,385	41,236,000 (4)	96,415,366	4.17	11,869	
2011	36,135,000	-	11,915,000 (6)	244,981	404,589	39,677,000	88,376,570	3.87	11,635	
2012	33,168,627	-	10,167,292	-	334,933	44,367,488 (7)	88,038,340	3.52	11,665	
2013	29,701,426	-	8,994,028	-	2,760,053	46,853,772 (8)	88,309,279	3.17	11,466	
2014	33,018,370 (9)	-	7,785,764	-	2,679,557	48,237,837 (10)	91,721,528	3.20	11,650	
2015	29,298,159 (11)	-	24,334,866 (12)	-	93,024	45,184,477	98,910,526	3.21	12,275	
2016	26,009,111	-	22,393,581	-	-	42,041,117	90,443,809	4.19	11,127	

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

(1) Presented net of original issuance discounts and premiums.

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

(3) The City issued GO Bonds Series 2008 for \$10 million and Series 2009 for \$13.5 million in fiscal year 2009.

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

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

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

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

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

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

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

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

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

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

Fiscal Year	General Bonded Debt			Percentage of Actual Property Value (2)	Per Capita (3)
	General Obligation Bonds (1)	Redevelopment Bonds	Total		
2007	\$ 17,175,000	\$ 3,930,000	\$ 21,105,000	0.30 %	\$ 2,595
2008	15,720,000	3,525,000	19,245,000	0.23	2,397
2009	36,015,000	3,100,000	39,115,000	0.39	4,902
2010	39,375,000	2,655,000	42,030,000	0.52	5,174
2011	36,135,000	-	36,135,000	0.50	4,757
2012	33,168,627	-	33,168,627	0.42	4,395
2013	29,701,426	-	29,701,426	0.38	3,856
2014	33,018,370	-	33,018,370	0.42	4,194
2015	29,298,159	-	29,298,159	0.36	3,636
2016	26,009,111	-	26,009,111	0.30	3,200

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

- (1) Presented net of original issuance discounts and premiums.
- (2) See Schedule 6 for property value data.
- (3) See Schedule 20 for population and personal income data.

Schedule 16
Park City Municipal Corporation, Utah
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable to Park City (1)</u>	<u>Estimated Amount Applicable to Park City</u>
Debt repaid with property taxes			
Weber Basin Water Conservancy District	\$ 19,862,674	14.63 %	\$ 2,905,909
Other debt			
Summit County	12,260,000	44.50	5,455,700
Weber Basin Water Conservancy District	106,838,000	14.63	15,630,399
Subtotal, overlapping debt			23,992,008
City direct debt			<u>48,402,692</u>
Total direct and overlapping			<u>\$ 72,394,700</u>

Sources: Summit County Annual Financial Report, Weber Basin Water Conservancy District Financial Report and Utah State Tax Commission, Property Tax Division.

Notes:

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Park City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Schedule 17
Park City Municipal Corporation, Utah
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 179,762,069	\$ 220,910,526	\$ 271,346,097	\$ 242,939,444	\$ 273,828,091	\$ 266,103,174	\$ 269,015,017	\$ 280,699,514	\$ 293,698,934	\$ 312,816,159
Total net debt applicable to limit	<u>17,175,000</u>	<u>15,720,000</u>	<u>36,015,000</u>	<u>39,375,000</u>	<u>36,135,000</u>	<u>33,168,627</u>	<u>29,701,426</u>	<u>33,018,370</u>	<u>29,298,159</u>	<u>26,009,111</u>
Legal debt margin	<u>\$ 162,587,069</u>	<u>\$ 205,190,526</u>	<u>\$ 235,331,097</u>	<u>\$ 203,564,444</u>	<u>\$ 237,693,091</u>	<u>\$ 232,934,547</u>	<u>\$ 239,313,591</u>	<u>\$ 247,681,144</u>	<u>\$ 264,400,775</u>	<u>\$ 286,807,048</u>
Total net debt applicable to the limit as a percentage of debt limit	9.55%	7.12%	13.27%	16.21%	13.20%	12.46%	11.04%	11.76%	9.98%	8.31%

Legal Debt Margin Calculation for Fiscal Year 2016

Total assessed value	\$ <u>7,820,403,966</u>
Debt limit - 4.0% of total assessed value	\$ 312,816,159
Amount of debt applicable to debt limits:	
General Obligation Bonds 2008, 2009, 2010A, 2010B, 2013A, 2013B, and 2014	26,009,111
Less: Amount available for repayment of general obligation bonds	<u>-</u>
Total net debt applicable to limit	<u>26,009,111</u>
Legal debt margin	<u>\$ 286,807,048</u>

Notes: Under Utah State Law, Park City 's outstanding general obligation debt should not exceed 4.0 percent of total assessed property value.
The general obligation debt subject to the limitation may be offset by resources set aside for the repayment of the principal that are externally restricted.

Schedule 18
Park City Municipal Corporation, Utah
Pledged-Revenue Coverage
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Sales Tax Increment Bonds</u>				
	<u>Sales Tax Increment</u>	<u>Debt Service</u>		<u>Coverage</u>	
		<u>Principal</u>	<u>Interest</u>		
2007	\$ 9,507,552	\$ 1,870,000	\$ 723,150	3.7	
2008	9,204,905	1,935,000	667,162	3.5	
2009	8,590,625	1,830,000	597,787	3.5	
2010	8,474,078	1,400,000	528,962	4.4	
2011	6,988,804	1,445,000	501,680	3.6	
2012	7,768,666	1,785,000	465,813	3.5	
2013	7,649,200	1,165,000	401,587	4.9	
2014	7,314,413	1,200,000	359,863	4.7	
2015	7,408,762	8,350,000	383,012	0.8	
2016	7,437,258	1,810,000	782,290	2.9	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 See Schedule 19 for information on water revenue bond coverage.

Schedule 19
Park City Municipal Corporation, Utah
Water Fund Refunding and Revenue Bonds
Schedule of Net Revenues to Aggregate Debt Service
As of June 30, 2016

		Coverage Ratio	
		<u>Actual</u>	<u>Minimum</u>
Net revenues (change in net position)	\$ 3,074,564		
Add			
Excluded transfer to general fund	1,440,542		
Depreciation and amortization	2,774,358		
Bond interest expense	1,367,871		
Revenues pledged to debt	8,657,335	2.04	1.20

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009A Water Bonds-DEQ	\$ 125,000	\$ 2,500	\$ 127,500
2009B Water Revenue and Refunding Bonds	1,575,000	176,008	1,751,008
2009C Water Revenue Bonds	-	510,807	510,807
2010 Water Revenue Bonds	725,000	308,602	1,033,602
2012 Water Revenue Bonds	240,000	84,803	324,803
2012B Water Revenue and Refunding Bonds	-	118,333	118,333
2013 A and B Water Revenue and Refunding Bonds	215,000	49,410	264,410
2014 Water Revenue Bonds	-	117,408	117,408
	<u>\$ 2,880,000</u>	<u>\$ 1,367,871</u>	<u>\$ 4,247,871</u>

Less water development fees and capital contributions collected in fiscal year 2016

(1,183,187)

Net revenues less development fees and capital contributions

\$ 7,474,148 **1.76** **1.00**

Year	Net Revenue (Loss)	Gross Revenues (Less Development Fees) Available for Debt Service	Total Debt Service	Coverage	Gross Revenue Available for Debt		Coverage
					Service	Debt	
2007	\$ 3,697,651	\$ 2,580,530	\$ 942,918	2.74	\$ 5,894,276	\$ 942,918	6.25
2008	1,775,543	3,071,985	1,101,246	2.79	4,476,691	1,101,246	4.07
2009	2,394,583	2,105,634	1,101,423	1.91	4,809,939	1,101,423	4.37
2010	(863,388)	1,544,407	849,263	1.82	2,159,954	849,263	2.54
2011	372,687	3,408,046	3,004,182	1.13	3,856,339	3,004,182	1.28
2012	928,730	4,262,970	3,000,782	1.42	4,765,325	3,000,782	1.59
2013	2,256,909	6,115,611	4,069,154	1.50	6,827,075	4,069,154	1.68
2014	3,644,383	6,603,287	4,124,483	1.60	8,314,345	4,124,483	2.02
2015	5,862,508	7,781,536	4,254,867	1.83	11,530,762	4,254,867	2.71
2016	3,074,564	7,474,148	4,247,871	1.76	8,657,335	4,247,871	2.04

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

Schedule 20
Park City Municipal Corporation, Utah
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)(1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate (1)</u>
2007	8,133	\$ 1,854,400	\$ 52,981	34.0	4,336	2.2 %
2008	8,030	1,927,700	60,411	33.3	4,443	3.5
2009	7,980	2,171,400	60,233	34.6	4,477	6.0
2010	8,123	2,311,000	63,832	35.5	4,563	7.1
2011	7,596	2,281,691	61,719	37.4	4,351	6.6
2012	7,547	2,503,395	68,524	35.7	4,400	6.0
2013	7,702	2,730,934	72,643	37.4	4,421	4.0
2014	7,873	2,944,020	77,468	34.9	4,630	3.1
2015	8,058	3,177,339	82,558	38.8	4,739	3.2
2016	8,128	3,784,040	96,766	38.5	4,763	3.4

Notes: (1) Applies to Summit County.

Sources:

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

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

Employer	2016 (1)				2007 (2)			
	Yearly Maximum Employees	Yearly Minimum Employees	Rank	Percentage of Total City Employment(3)	Yearly Maximum Employees	Yearly Minimum Employees	Rank	Percentage of Total City Employment (3)
Royal Street of Utah ET AL (Deer Valley Resort)	2,778	812	1	21.84	1,999	200	1	13.32
Park City School District	731	694	2	5.75	718	410	3	4.78
Park City Municipal Corporation	543	461	3	4.27	447	388	5	2.98
IHC/Park City Surgical Center	499	250	4	3.92	-	-	-	-
Park City Mountain Resort	499	250	5	3.92	1,200	150	2	8.00
Montage Hotels & Resorts, LLC	499	250	6	3.92	-	-	-	-
Stein Eriksen Lodge	485	406	7	3.81	450	310	4	3.00
Resort Express, Inc.	249	100	8	1.96	-	-	-	-
Jan's Mountain Outfitters	249	100	9	1.96	-	-	-	-
Fresh Market (Albertson's)	249	100	10	1.96	160	78	9	1.07
Hotel Park City	249	100	11	1.96	-	-	-	-
Marriott Resorts	249	100	12	-	249	100	7	1.66
Premier Resorts of Utah	-	-	-	-	499	250	6	3.32
Yarrow Hotel	-	-	-	-	249	100	8	1.66
Park City Marriott (Olympia Park Hotel)	-	-	-	-	150	130	10	1.00
Dan's	-	-	-	-	125	58	11	0.83
Total	6,033	3,073		55.26 %	6,246	2,174		41.62 %

011-3914

- Notes: (1) Current numbers are from respective employers and Department of Workforce State of Utah.
(2) Prior Year Numbers are from Summit County and Department of Workforce State of Utah.
(3) Percentage is based on the maximum number of employees in the range.

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Full-time Equivalent Employees										
General government										
Executive	3.0	4.0	3.5	4.5	4.5	5.1	5.5	5.1	4.0	4.0
Finance	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.7	6.7	6.7
Human resources	7.0	7.0	7.0	7.0	6.9	6.9	5.3	5.1	5.1	5.1
Budget, debt and grants	3.3	3.3	3.0	2.0	2.0	2.0	1.3	3.0	3.3	3.3
Planning	7.5	6.0	7.0	7.0	6.0	7.0	7.0	8.0	9.0	9.2
Building	14.8	15.8	15.8	15.8	14.8	13.0	13.0	13.0	15.0	16.0
Engineering	2.5	2.5	2.5	3.0	3.0	2.8	2.7	2.8	2.8	4.0
Legal	6.8	7.8	7.8	7.8	7.8	7.8	7.0	7.0	7.0	7.0
Sustainability	-	-	-	6.0	(1) 6.0	9.8	9.7	10.9	11.3	11.3
I.T.	-	-	-	-	9.8	(2) 9.8	10.8	9.5	9.5	9.5
Other	19.3	22.8	23.3	14.9	5.5	5.0	5.1	5.0	6.0	6.0
Public safety										
Police	32.6	34.8	34.8	35.2	34.9	34.0	33.9	34.6	34.0	34.0
Communication center	8.5	9.0	9.0	10.0	10.0	10.0	10.4	10.4	10.4	10.4
Other	1.4	1.2	1.2	1.4	1.5	1.5	1.5	1.5	1.5	1.5
Public works										
Transit	62.5	63.5	73.8	76.3	81.8	82.5	82.9	80.8	77.2	75.6
Fleet services	8.8	8.8	8.5	8.0	8.0	8.0	8.0	8.0	9.4	9.8
Parking	-	-	-	-	-	-	-	7.8	(3) 8.0	8.2
Street maintenance	15.8	15.8	15.6	16.7	17.5	17.5	17.5	17.4	17.3	17.0
Parks and cemetery	18.1	18.8	18.8	17.2	17.3	18.8	18.2	18.2	18.6	19.0
Administration	2.5	2.5	2.5	2.5	-	-	-	-	-	-
Other	16.2	11.1	10.9	10.7	9.6	9.6	9.6	9.0	9.0	9.0
Library and recreation										
Library	11.6	11.2	11.2	11.2	11.2	11.4	11.4	11.4	11.4	11.9
Golf	7.0	7.0	6.8	6.3	5.7	5.5	5.4	5.2	6.0	6.0
Recreation	26.2	27.8	28.1	28.3	27.4	27.3	29.9	29.7	28.2	28.2
Tennis	7.0	6.0	7.7	7.7	6.9	7.4	7.9	4.0	4.7	4.7
Ice	5.5	10.2	10.4	11.4	11.0	11.0	9.0	8.4	11.4	11.3
Water										
Water billing	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	(4) -
Water operations	15.3	15.3	16.5	17.5	17.5	17.6	21.9	21.9	23.0	24.4
Total	310.5	320.0	333.5	336.2	334.4	339.1	342.7	345.1	349.4	353.1

Source: Park City Budget Department

A full-time employee is scheduled to work 2,080 hours per year (including vacation). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

- (1) In 2010 the Sustainability Department was taken out of other and listed individually.
- (2) In 2011 the IT Department was taken out of other and listed individually.
- (3) In 2014 the Parking Department was added, until that time it had been outsourced.
- (4) In 2015 Water Billing was combined with Water Operations.

Schedule 23
Park City Municipal Corporation, Utah
Population Statistics

Census:	Calendar Year	Park City Population	Percent Change from Prior Period	Summit County Population	Percent Change from Prior Period
	1950	2,254	- %	6,745	- %
	1960	1,366	(39.40)	5,673	(15.89)
	1970	1,193	(12.66)	5,879	3.63
	1980	2,823	136.63	10,198	73.46
	1990	4,430	56.93	15,518	52.17
	2000	6,500	46.73	29,736	91.62
	2006	8,066	2.33	36,871	-
	2007	8,133	0.83	37,461	1.60
	2008	8,030	(1.27)	38,412	2.54
	2009	7,980	(0.62)	39,951	4.01
	2010	8,123	1.79	40,451	1.25
	2011	7,596	(6.49)	36,324	(10.20)
	2012	7,702	1.40	37,208	2.43
	2013	7,873	2.22	38,003	2.14
	2014	8,058	2.35	39,105	2.90
	2015	8,128	0.87	39,633	1.35

Age distribution of 2015 population:

Age	Number	Percent
Under 5 Years	520	6.40 %
5-14	847	10.42
15-24	858	10.56
25-34	1,453	17.88
35-44	982	12.08
45-54	1,270	15.63
55-64	1,347	16.57
65-74	751	9.24
75 and over	100	1.23
	8,128	100.00 %

Median age: 38.5

Sources: U.S. Census Bureau, 2010-2014 American Community Survey
Utah Department of Workforce Services
Park City Chamber & Visitors Bureau

Schedule 24
Park City Municipal Corporation, Utah
Transient Room Capacity as a Percentage of Population
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Transient Room Capacity</u>	<u>Park City Population</u>	<u>Resort Percentage</u>
2007	26,521	8,133	326 %
2008	26,595	8,030	331
2009	26,595	7,980	333
2010	26,736	8,123	329
2011	27,178	7,596	358
2012	27,178	7,547	360
2013	28,275	7,702	367
2014	28,275	7,873	359
2015	28,275	8,058	351
2016	28,275	8,128	348

Sources: Park City Chamber/Visitor Bureau, March 2016

Schedule 25
Park City Municipal Corporation, Utah
Historical Pledged Taxes
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Pledged Sales & Use Taxes</u>	<u>% Change From Prior Year</u>	<u>Pledged Resort Tax (1)</u>	<u>% Change From Prior Year</u>	<u>Total Pledged Taxes</u>	<u>% Change From Prior Year</u>
2007	\$ 4,352,388	2.0 %	\$ 5,155,164	21.0 %	\$ 9,507,552	11.5 %
2008	4,047,348	(7.0)	5,157,557	0.05	9,204,905	(3.2)
2009	3,881,142	(4.1)	4,709,483	8.7	8,590,625	(6.7)
2010	3,990,274	2.8	4,483,804	(4.8)	8,474,078	(1.4)
2011	3,966,554	(0.6)	5,022,250	12.0	8,988,804	6.1
2012	4,125,435	4.0	5,443,231	8.4	9,568,666	6.5
2013	4,187,472	1.5	5,561,728	2.2	9,749,200	1.9
2014	4,347,534	3.8	9,151,788 (2)	64.5	13,499,322	38.5
2015	4,731,904	8.8	10,066,040	10.0	14,797,944	9.6
2016	5,180,094	9.5	11,154,870	10.8	16,334,964	10.4

Notes: (1) Pledged Resort Taxes reflect revenue figures equal to 75.0 percent of the total revenues collected pursuant to the City's levy of the 1.1 percent Resort Communities Tax (comprising the Pledged Resort Taxes). The City has previously earmarked 25.0 percent of the total of such revenues to transit-related projects and improvements.

(2) The 0.50 percent Additional Resort Communities Sales and Use Tax implemented in fiscal year 2013, went into effect in fiscal year 2014.

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical arrests	627	521	528	577	583	468	616	623	516	506
Parking citations	1,358	771	568	295	102	342	326	219	282	236
Traffic citations	1,052	1,980	2,546	2,044	1,984	963	950	904	454	966
Public works										
Street resurfacing (tons of asphalt)	3,026	3,636	3,301	3,810	5,500	4,616	4,616	5,133	5,526	6,034
Potholes repaired	200	200	200	250	275	235	230	240	210	380
Water										
Number of customers	4,918	5,059	5,095	5,122	5,161	5,171	5,180	5,203	5,226	5,230
New connections	143	141	80	27	26	10	22	37	42	56
Water main breaks	11	21	10	10	10	23	12	12	15	25
Average daily consumption (Tgal)	4,713	4,312	4,390	4,119	4,152	4,915	4,822	4,660	4,430	4,647
Peak daily consumption (Tgal)	8,446	8,907	8,682	8,527	8,120	8,529	8,873	8,820	7,786	7,767
Average monthly billings (3/4" meter)	46.40	46.87	47.99	54.68	54.82	57.61	82.51	86.22	88	83.32
Residential billing rates										
Base rate (per 3/4" meter)	16.17	16.82	20.86	23.36	25.23	28.26	33.35	39.35	44	44.07
Base rate (per 1" meter)	21.84	22.71	28.16	31.54	34.06	45.02	45.02	53.12	59	59.49
Base rate (per 1-1/2" meter)	25.89	26.93	33.39	37.40	40.39	53.38	53.38	62.99	71	70.55
Rate per Tgal (winter months only)	2.83	2.94	3.65	4.09	4.42	5.84	5.84	6.89	8	7.72
Commercial billing rates										
Base rate (per 3/4" meter)	21.03	21.87	27.12	30.37	32.80	43.35	43.35	51.15	57	57.29
Base rate (per 1" meter)	35.58	37.00	45.88	51.39	55.50	73.35	73.35	86.55	97	96.94
Base rate (per 1-1/2" meter)	76.01	79.05	98.02	109.78	118.56	156.69	156.69	184.89	207	207.08
Base rate (per 2" meter)	158.50	164.84	204.40	228.93	247.24	326.75	326.75	385.57	432	431.84
Base rate (per 3" meter)	412.44	428.94	531.89	595.72	643.38	850.30	850.30	1,003.35	1,124	1,123.75
Base rate (per 4" meter)	748.86	778.81	965.72	1,081.61	1,168.14	1,543.82	1,543.82	1,821.71	2,040	2,040.32
Base rate (per 6" meter)	1,411.99	1,468.47	1,820.90	2,039.41	2,202.56	2,910.19	2,910.19	3,434.02	3,846	3,846.10
Base rate (per 8" meter)	2,430.96	2,528.20	3,134.97	3,511.17	3,792.06	5,011.59	5,011.59	5,913.67	6,623	6,623.31
Rate per 1,000 gallons	2.83	2.94	3.65	4.09	4.42	5.84	5.84	6.89	8	7.72
Building activity										
Building permits issued	1,197	911	895	845	903	984	1,615	1,432	1,289	1,102
Number of residential units	276	136	286	30	17	24	40	51	119	57
Residential value (in thousands)	109,477	50,672	40,621	13,724	9,429	15,673	21,260	40,646	64,102	30,826
Commercial value (in thousands)	3,151	18,414	8,369	-	8,929	198	173	14,420	17,951	3,663
Parks and recreation										
Racquet club passes	2,586	2,604	2,528	2,263	1,368 (1)	3,304 (2)	5,037	7,038	7,893	7,922
Golf rounds	28,130	27,450	30,202	25,912	25,852	29,282	30,151	30,887	29,269	29,537
Library										
Total volumes borrowed	79,814	80,970	83,545	85,655	89,174	93,626	91,955	79,709 (3)	54,262 (3)	98,930
Circulation per capita	10	10	10	11	12	12	12	10	7	12
Transit										
Total route miles	1,014,607	1,041,987	1,033,806	1,075,422	1,051,995	1,111,456	1,113,567	1,116,067	986,500	1,065,755
Passengers	1,941,431	2,153,102	1,956,770	1,857,947	1,965,455	1,934,382	1,882,533	1,823,459	1,701,758	1,798,482

Sources: Various City departments.

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

- (1) Significant decrease in Racquet club passes, was due to the relocation of the Racquet Club to temporary facilities, during the construction of a new facility.
- (2) New PC MARC facility opened in December 2011, resulting in a large increase in pass sales.
- (3) Significant decrease in Library total volumes borrowed and circulation per capita in 2014 and 2015, was due to the relocation of the Library to temporary facilities, during the renovation of existing facility.
- (4) Significant increase in Library total volumes borrowed and circulation per capita in 2015 and 2016, was due to the completion of the Library renovation.

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Area (sq. miles)	13	13	18	18	18	18	18	18	20	20
Police station	1	1	1	1	1	1	1	1	1	1
Transit buses	30	29	29	40	37	36	36	36	37	37
Public works										
Streets (lane miles)	124	127	111 (1)	111	111	111	111	126	126	126
Street lights	530	542	530 (1)	530	530	545	545	712	712	712
Water										
Fire hydrants	975	1,023	1,040	1,056	1,100	1,105	1,105	1,105	1,081	1,090
Water mains (miles)	110	117	119	127	130	131	132	135	137	140
Storage capacity (Tgal)	13,650	14,650	14,650	14,650	14,650	14,650	13,650	13,650	13,650	13,650
Recreation and culture										
Acreage	220	220	220	223	223	223	223	223	223	223
Parks	37	37	38	40	40	40	40	40	40	40
Covered picnic areas	4	4	4	4	4	4	4	4	4	4
Tennis courts	13	13	13	9	9	13	13	14	14	14
Soccer fields	6	6	6	6	6	6	6	6	6	6
Baseball diamonds	10	10	10	10	10	10	10	10	10	10
Library	1	1	1	1	1	1	1	1	1	1
Volumes in library	58,103	55,902	64,474 (2)	67,626	71,164	82,291	74,071	85,138	97,160	126,999
Golf course	1	1	1	1	1	1	1	1	1	1
Ice Rink	1	1	1	1	1	1	1	1	1	1

Sources: Various City departments.

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

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

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

Schedule 28
Park City Municipal Corporation, Utah
Schedule of Insurance in Force
As of June 30, 2016

<u>COMPANY & COVERAGE TYPE, POLICY #</u>	<u>LIMITS</u>	<u>EXPIRATION</u>	<u>PREMIUM</u>	<u>DEDUCTIBLE</u>
AFFILIATED FM (Property Coverage) SF266	\$ 131,634,000	1/1/2017	\$ 182,000	
All other Perils				\$ 10,000
Flood				500,000
Earthquake				100,000
Boiler				10,000
Machinery				10,000
Motor Vehicles				1,000,000
ST. PAUL/TRAVELERS (Crime Policy) 105540277		1/1/2017	\$ 3,600	
Employee Theft - Per Loss Limit	\$ 525,000			\$ 10,000
Forgery or Alteration	500,000			10,000
Money & Securities (In & Outside)	25,000			10,000
Computer Fraud	500,000			10,000
Funds Transfer Fraud	500,000			10,000
WORKERS COMPENSATION FUND (Workers Compensation) 1638608	\$ 1,000,000	1/1/2017	\$ 222,866	\$ -
STATES RISK RETENTION GROUP (Liability) SEL3015712	\$ 5,000,000	1/1/2017	\$ 148,026	\$ 250,000
(General Liability, Automobile Liability, Employment Practice Liability, Law Enforcement Liability and Public Officials Errors & Omission Liability)				
BEAZLEY (Cyber Insurance) W1476D150201	\$ 1,000,000	1/1/2017	\$ 39,500	\$ 100,000
Information Security & Privacy Insurance				

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

Fiscal Year Ended June 30

	2016	2015	2014 (2)	2013	2012 (2)
ASSETS					
Cash, cash equivalents and investments held by city	\$ 77,276,957	\$ 74,908,660	\$ 73,540,217	\$ 64,485,816	\$ 59,281,727
Cash, cash equivalents and investments held by fiscal agent	6,690,285	10,554,094	5,104,820	7,216,764	4,793,982
Restricted cash, cash equivalents and investments, other	6,312,535	7,418,529	6,866,835	661,306	1,095,260
Receivables:					
Taxes	20,740,471	20,631,203	20,432,310	19,917,948	19,561,554
Accounts	2,553,439	2,166,238	2,785,397	3,144,039	6,482,744
Notes receivable	314,353	320,284	1,578,341	5,102,467	5,098,452
Inventories	772,836	927,978	1,036,104	991,256	987,743
Prepays	528,089	515,520	510,634	576,195	462,609
Capital assets not being depreciated:					
Land and water rights	129,838,076	130,034,390	121,920,236	118,270,236	114,288,596
Construction in progress	10,931,485	13,018,693	8,791,078	5,014,332	1,859,326
Art	827,833	710,570	710,570	693,570	602,460
Capital assets (net of accumulated depreciation):					
Buildings	42,117,192	43,670,618	39,400,441	39,930,136	41,341,050
Improvements other than buildings	70,302,422	67,613,413	67,054,006	64,429,548	64,536,753
Vehicles and equipment	15,058,504	16,123,836	15,585,814	16,920,781	18,214,619
Infrastructure	29,114,178	25,053,552	26,782,596	26,346,422	27,786,910
Intangibles	5,652,891	5,691,867	5,506,939	5,498,064	5,532,368
Net pension assets	7,661	22,838	-	-	-
Total assets	419,039,207	419,382,283	397,606,338	379,198,880	371,926,153
Deferred outflows of resources					
Deferred charge on refunding	7,477	15,227	22,977	30,727 (1)	38,477
Deferred outflows of resources related to pensions	5,277,742	1,597,998	1,228,149 (3)	-	-
Total deferred outflows of resources	\$ 5,285,219	\$ 1,613,225	\$ 1,251,126	\$ 30,727	\$ 38,477
LIABILITIES					
Accounts payable	\$ 4,243,398	\$ 4,813,660	\$ 4,806,266	\$ 2,921,491	\$ 2,839,106
Accrued liabilities	2,868,301	2,707,660	2,836,990	2,674,816	2,680,257
Long-term debt due within one year:					
Compensated absences	431,558	391,979	391,796	363,362	366,127
Contracts payable	-	93,024	2,586,533	80,496	74,880
General obligation bonds	3,300,000	3,215,000	3,655,000	3,520,000	3,425,000
Revenue bonds	4,530,000	4,690,000	4,040,000	3,910,000	3,752,000
Long-term debt due in more than one year:					
Compensated absences	681,413	616,886	491,221	442,171	435,239
General obligation bonds	22,709,111	26,083,159	29,363,370	26,181,426	29,743,627
Contracts payable	-	-	93,024	2,679,557	260,053
Revenue bonds	59,904,698	64,829,343	51,983,601	51,937,800	50,782,780
Net pension liability	10,109,665	6,596,256	8,196,954 (3)	-	-
Total liabilities	108,778,144	114,036,967	108,444,755	94,711,119	94,359,069
Deferred inflows of resources					
Property taxes	17,605,701	17,553,354	17,437,568	16,973,817 (1)	17,012,000
Deferred gain on refunding	425,561	529,450	-	-	-
Deferred inflows of resources related to pensions	1,142,122	1,049,810	-	-	-
Total deferred inflows of resources	19,173,384	19,132,614	17,437,568	16,973,817	17,012,000
NET POSITION					
Net investment in capital assets	226,244,026	220,380,226	208,942,336	200,625,551	192,939,010
Restricted for:					
Water development	-	-	-	-	449,859
Capital projects	7,872,086	12,779,745	6,882,935	3,191,412	1,262,141
Debt service	5,130,734	5,192,878	5,088,720	4,686,658	4,177,242
Other	48,640	47,201	46,402	47,776	36,517
Unrestricted	57,077,412	49,425,877	52,014,749	58,993,274	61,728,792
Total net position	296,372,898	287,825,927	272,975,142	267,544,671	260,593,561
Total liabilities and deferred inflows of resources and net position	\$ 424,324,426	\$ 420,995,508	\$ 398,857,465	\$ 379,229,607	\$ 371,964,630

Source: Information extracted from the City's fiscal years ended June 30, 2011 through 2015 general purpose financial statements.

Notes: (1) GASB 63 and 65 implemented FY 2013

(2) Restated

(3) FY 2015 - Implemented GASB 68, Accounting and Financial Reporting for Pensions, required restatement of FY 2014.

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**INTERNAL CONTROL AND
COMPLIANCE REPORTS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Members of the City Council
Park City Municipal Corporation, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business- type activities, each major fund, and the aggregate remaining fund information of the Park City Municipal Corporation (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 15, 2016.

Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Salt Lake City, Utah
December 15, 2016

Independent Auditors' Report on Compliance and on Internal Control over Compliance in Accordance with the *State Compliance Audit Guide*

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

Report on Compliance with General State Compliance Requirements and for Each Major State Program

We have audited Park City Municipal Corporation's (the City) compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Restricted Taxes and Related Revenues
- Tax Levy Revenue Recognition
- Open and Public Meetings Act
- Treasurer's Bond
- Utah Public Finance Website (Transparency)

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City or on each of its major state programs for the year ended June 30, 2016.

Report On Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general 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 general state or major state program 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 general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Salt Lake City, Utah
December 15, 2016