

Comprehensive Annual Financial Report



**Park City Municipal Corporation, Utah
Fiscal Year Ended June 30, 2014**

PARK CITY MUNICIPAL CORPORATION, UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**(Including Single Audit, Internal Control and Compliance Reports
and Supplementary Information)**

for fiscal year ended June 30, 2014

**Prepared by:
Finance Department**

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Analyst**

PARK CITY MUNICIPAL CORPORATION, UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2014

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**INTRODUCTORY
SECTION**



Finance

December 11, 2014

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, 2014.

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, 2014, 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.

Additionally, Piercy Bowler Taylor & Kern audited the compliance requirements of the City's federal and state grant programs for the year ended June 30, 2014, as part of the federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on fair presentation of the basic financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

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, the Park City Housing Authority and the Park City Water Service District are chartered under Utah law as separate governmental entities. However, this report includes the financial statements of these entities, since the City Council is the appointed board for all four agencies, and they are financially accountable to the City.

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 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 eighteen square miles and a permanent resident population of approximately 7,873.

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.

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 2014 Freestyle Ski World Cup event for the eighth year in a row in February 2014. Deer Valley Resort took second place as the best resort in North America in *Ski Magazine's* resort review. Deer Valley ranked first for five consecutive years between 2007 and 2011. It also marks fourteen 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 five, overall, and the best resort for a family vacation. The Canyons Resort, placed tenth, which made the third year in a row that all three of Park City's resorts have finished in the top ten.

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 3.1 percent. The current State of Utah rate is 3.5 percent and the national rate is 5.9 percent.

Economic Trends

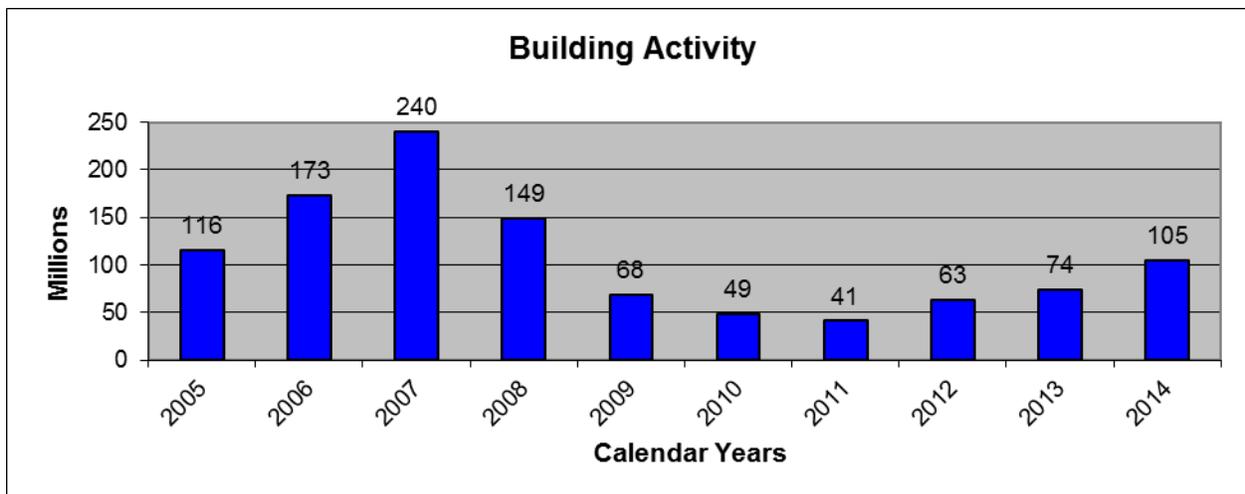
Growth has accelerated in the last decade; Wikipedia.com refers to Park City as one of the most affluent and lively resort towns in the United States. Park City has seen some strong growth over the past eight years in the ski industry. Encouraging tourism and the ski industry are objectives for Park 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 third best in Utah state history. Total statewide skier days were 4,161,585, up 3.4 percent from the 2012-2013 season, ending above four million for the seventh time in the last nine years. The 2013-2014 season, marked a turn around after two years of decline, due to below average snowfall. City area resorts experienced a 3.7 percent increase in skier visits. Park City resorts claim approximately 44.2 percent of the total Utah market share, 1,838,641 skier days. 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 twelfth year. This event draws teams from California, Arizona, Colorado, Oklahoma, Idaho, Utah and Texas. 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 is the only city qualified 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 130 restaurants, 181 shops, 20 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 year's nightly capacity has increased by 11.1 percent. Please see Schedule 24 on page 119 of the Statistical Section of this report.

The Sundance Film Festival made its 33rd annual appearance in Park City in January 2014. A recent study by the University of Utah's Bureau of Economic and Business Research reveals the 2014 festival generated an overall economic impact of \$63.9 million for the State of Utah, up from 2013, but still down from 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 45,352 attendees this year, down slightly from the 2013 attendance of 45,947 with an estimated 69.4 percent coming from out of state.

The Kimball Arts Center sponsored its 44th annual three-day Park City Arts Festival in August 2013. 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 58,500 visitors. This was an increase of 1.7 percent over the previous year. The festival featured 215 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 tourist 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 \$107.8 million per year. In the first nine months of calendar year 2014, approximately 34.1 percent of the \$104.8 million in building activity has been in residential construction. The remaining 65.9 percent consists of remodeling, expanding and miscellaneous construction. The residential construction total valuation of approximately \$35.7 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. This role and the current economy have shifted emphasis to the construction of residential homes.



*Notes: The 2014 number is from January 2014 through September 2014 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 \$337,250 in the Prospector area to an average of \$3,400,000 for lots in Empire Canyon. Condominiums range in average sales price from \$162,663 to \$3,105,196, depending upon location. Depending upon the area, single-family homes range from an average sales price of \$820,075 to \$5,820,125. Overall, in the second quarter of 2014 the volume of single-family homes sold was down 29.0 percent, but the median sales price increased by 36.0 percent, over the second quarter of 2013. In contrast, condominium sales showed a volume increase of 8.0 percent, and the median sales price was up 11.0 percent.

Long-term Financial Planning

Affordable Care Act (ACA) – Employer Shared Responsibility Provisions

The Affordable Care Act (ACA) outlines rules for employers on positions that would be required to include health coverage (over 30 hours/week). The City currently employs several groups of employees who could be eligible for coverage under the new law. Over the last year, the City formed an Affordable Care Act Committee, to determine eligible employees, examine hours worked, service levels and increased costs for health care. Each position that fit the ACA criteria was evaluated and in many cases hours were reduced, schedules changed, and/or additional employees have been hired to reduce the total hours worked by one individual and eliminate health coverage eligibility. In limited cases, it was impossible to reduce the hours worked by one position to eliminate health coverage eligibility without a large impact on service levels. The departments most impacted are the Transit, Streets and Parks departments. A severe impact to service levels would occur if all eligible employees had their hours cut below the ACA threshold. The Affordable Care Act Committee and the City Manager recommended a hybrid approach, offering health insurance to some eligible employees and cutting back the hours of others. This option provided 24 employees with health insurance and minimized reductions in service levels. The increased cost of health insurance due to the ACA is a large expense the City must manage going forward.

State and Federal Legislative Actions – State and Federal legislative actions continue to pose a major fiscal risk to the City’s ability to plan. The State’s efforts continue to focus on the redistribution of tax revenues from affluent municipalities and school districts to more underprivileged entities. Several bills were defeated this year with intense lobbying by the City. It is certain this type of legislation will continue and intensify. Several water rights bills were defeated during the Utah Legislature session in 2014. Most referred to further defining water rights and how the government interacts with water owners. These bills would have greatly complicated the process of obtaining additional water for the City.

Relevant Financial Policies

Through a combination of the Additional Resort Communities Sales Tax, the extension of the Lower Park Avenue Redevelopment Agency and the remaining Walkability General Obligation Bond proceeds, the City is likely to see an estimated \$70-\$85 million in capital project funding over the next ten years. While these improvements are essential to improved services and continued economic growth, City Council is aware that the uses of these funds have been restricted to capital improvement projects. Capital projects most often place a burden on the ongoing operating costs of the City. The operating burden varies from project to project with impacts evaluated as part of the Budgeting for Outcomes (BFO) process. Maintaining the long-range sustainability of the City’s services is a high priority.

Major Initiatives

Richardson Flat Tailings - Prospector Drain – OU4

Council reviewed, approved and signed the Proposed Administrative Order of Consent (Settlement Agreement) for Richardson Flat Tailings Prospector Drain Site Operable Unit 4, Mine and Mill Waste (OU4). Park City Municipal Corporation, Environmental Protection Agency (EPA), U.S. Fish and Wildlife Service, Bureau of Land Management and Utah Department of Environmental Quality negotiated this agreement. This Settlement Agreement provides for the preparation and performance of an Engineering Evaluation/Cost Analysis (EE/CA) and a removal action for mine tailings. The Prospector Drain is a shallow ground water drain located beneath a portion of a historic mine's tailings pond with residences built on the surface. The project will include site characterization, risk assessment, removal action alternatives and their respective costs, and implementation and completion of the mine waste removal. In addition, a Natural Resource Damage Assessment (NRDA) must be done that will determine compensatory restitution for damages to natural resources.

Update on Major Projects

Deer Valley Drive - The Deer Valley Drive Reconstruction project includes the reconstruction of Deer Valley Drive including water infrastructure as well as walkable, functional and aesthetic improvements to the street. The project was divided into two phases. The first phase was completed in December of 2013, this included replacement of the existing collapsed storm drain, replacement of the gas line (work and design were performed by Questar Gas), replacement of the existing distribution water line, pedestrian modifications at the round-about, left turn lane at the intersection of Deer Valley Drive and Deer Valley Drive North, bus pullouts, pedestrian lighting (from the round-about to Sunnyside Drive) update of signage and road resurfacing.

Phase one was partially funded with \$1.0 million in federal funds, \$1.6 million in water service fees, \$0.7 million Additional Resort Sales Tax (ARST) and funds transferred from the General Fund of \$0.4 million. It is the recommendation of the City Manager and the CIP Committee to use the ARST as the potential funding source of \$1.0 million for phase two. The design of the second phase started in February 2014, and will include additional pedestrian lighting, crosswalks, possible bus shelters/bus stop amenities, cleaning of the creek, landscaping improvements along the corridor and a new arched entry feature near the intersection of Deer Valley Drive and Deer Valley Drive North.

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.

Seasonal Transit Employee Housing - The City broke ground on the transit housing project at the public works facility on Iron Horse Drive on April 11, 2013. The project is the first of its kind ever funded by the United States Department of Transportation Federal Transit Administration. The City received a grant of \$1.5 million to fund the construction of 13 units for seasonal transit employees. The City will contribute \$0.3 million of the total project cost of \$1.8 million. Park City Transit employs 100 plus employees yearly; a substantial number of these are bus operators. The availability of housing has been quite helpful in recruiting and retaining bus drivers for the winter months. The transit housing facility has many sustainable design features including high performance windows and doors, 50.0 percent recycled content for primary structural steel members, 25.0 percent recycled content for secondary steel, 93.0 percent high-efficiency boiler and a hydronic heating system. The project includes photovoltaics and a highly reflective roof membrane to offset energy costs. The units are fully furnished, with a rooftop garden and patio. The project was completed in February 2014, and residents were moving in by April 2014.

Walkability Projects - Approximately \$7.9 million has been utilized to fund 27 substantially completed projects. Staff presented a walkability update to Council, which included the remaining walkability project list and proposed project timeline. Council indicated they were in favor of moving forward with the listed walkability projects and were comfortable adopting a bond resolution to issue the remaining \$7.2 million of voter approved Walkability General Obligation Bonds. In August 2013, the City issued General Obligation Bonds Series 2013A (\$7.2 million for walkability projects) and 2013B (\$1.9 million for General Obligation Refunding Bonds).

Library Renovation and Expansion – This work started in April of 2014 and the estimated completion date is June 2015. The construction budget is \$6.8 million, with a total budget of \$9.3 million.

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, 2013. 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-six consecutive years, fiscal years 1987-2013. 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 and most recently 2013. 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

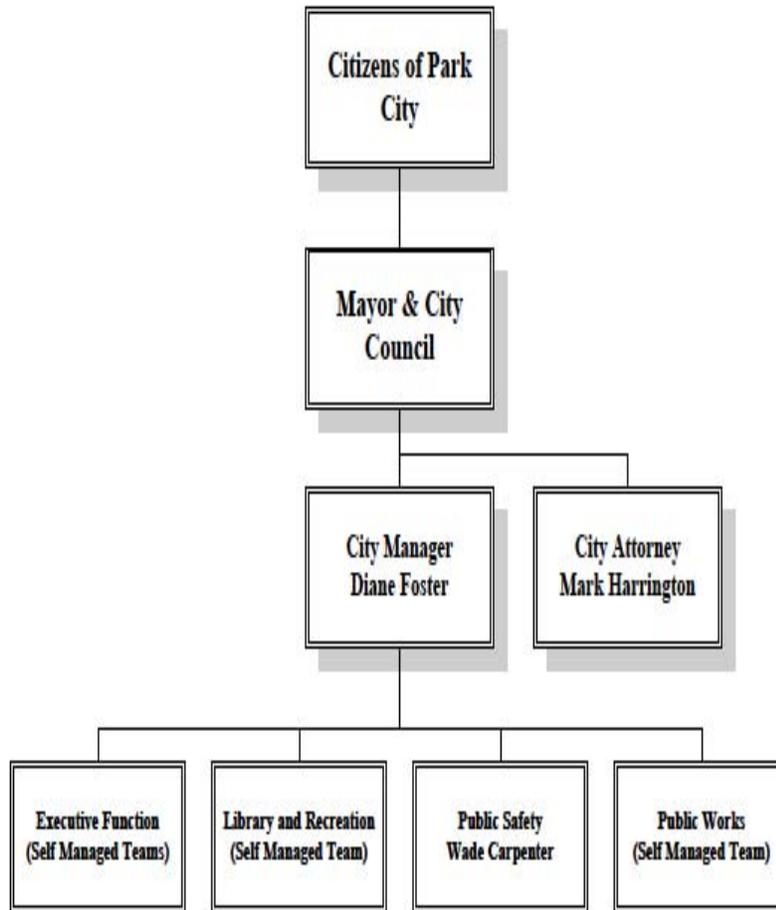
Park City Municipal Building
445 Marsac Avenue
Park City, Utah 84060

MAYOR AND CITY COUNCIL AS OF JUNE 30, 2014

| Name | Term Expires |
|--|---------------------|
| Mayor | |
| Jack Thomas <i>445 Marsac Avenue Park City, Utah 84060</i> | January 2018 |
| Councilors | |
| 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 |
| Dick Peek <i>750 River Birch Court Park City, Utah 84060</i> | January 2016 |
| Andy Beerman <i>PO Box 1570 310 Park Avenue Park City, Utah 84060</i> | January 2016 |
| Liza Simpson <i>PO Box 1468 510 Main Street Apt B Park City, Utah 84060</i> | January 2016 |

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.



Government Finance Officers Association

**Certificate of
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Presented to

**Park City Municipal Corporation
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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, 2014, 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 and for the year ended June 30, 2014, 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.

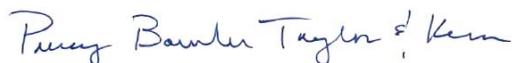
Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014, 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 11, 2014

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2014

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, 2014. 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, 2014, was \$279,943,946. Of this amount, \$58,983,553 (unrestricted net position) is available to meet ongoing financial obligations.
- The City's government-wide net position increased by \$12,399,275. Of this amount, business-type activities increased by \$4,501,586, a rise of 5.5 percent, and the governmental activities increased by \$7,897,689 a rise of 4.3 percent when compared to last fiscal year.
- The City's governmental funds reported a combined ending fund balance of \$47,483,774 an increase of \$8,260,320 (21.1 percent) compared to the beginning of this year's fund balance amount. The increase in fund balance in comparison to last fiscal year is attributable to an increase in unassigned fund balance for the general fund and an increase to the committed fund balance for capital projects. Of the combined total fund balance, \$6,670,716 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, 2014, totaled \$6,670,716 and is 26.0 percent of the General Fund total revenues for the year and 14.0 percent of total governmental fund balance.
- The City's total debt had a net increase of \$3,354,504 during fiscal year 2014. This represents a 3.9 percent increase over the prior year, which is attributable to the effect of the normal reduction in principal balances from required debt service payments and refunding of the Series 2003 General Obligation Bonds. The decrease is offset by the issuance of \$4,115,000 in Series 2014 Water Revenue Bonds, \$7,170,000 in Series 2013A General Obligation Bonds and \$1,930,000 in Series 2013B General Obligation Refunding Bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 Park City Municipal Corporation include General Government (Council, Mayor, City Attorney, Human Resources, Technical and Customer Services, Budget, Debt and Grants,

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

Building, Economy, Community and 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, the Park City Housing Authority and the Water Service District are chartered under Utah law as separate governmental entities. However, the government-wide financial statements include the financial statements of these entities, since the City Council is the appointed board for all four agencies, and these entities are financially accountable to the City. The government-wide financial statements can be found on pages 23-26 of this report.

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 three governmental type funds. These are the general fund, the debt service funds and the capital projects funds. Five of these are considered major funds: General Fund, Sales Tax Revenue and Refunding Debt Service Fund, Park City General Obligation Debt Service Fund, Capital Projects Improvement Fund and Lower Park Avenue Redevelopment Agency 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 “Other Governmental Funds” column. The composition of the nonmajor funds is shown in combining statements later in the report in the supplementary information section on pages 79-87.

- 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.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

- ***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.

- ***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 89-91 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.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

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, 2014 and 2013.

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>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | |
| Current and other assets | \$ 72.9 | \$ 67.1 | \$ 39.0 | \$ 35.0 | \$ 111.9 | \$ 102.1 | 9.6% |
| Capital assets | 187.0 | 181.8 | 98.7 | 95.3 | 285.7 | 277.1 | 3.1% |
| Total assets | <u>259.9</u> | <u>248.9</u> | <u>137.7</u> | <u>130.3</u> | <u>397.6</u> | <u>379.2</u> | <u>4.8%</u> |
| Long-term debt | 44.1 | 42.1 | 48.5 | 47.0 | 92.6 | 89.1 | 3.9% |
| Other liabilities | 4.7 | 4.0 | 2.9 | 1.5 | 7.6 | 5.5 | 38.2% |
| Total liabilities | <u>48.8</u> | <u>46.1</u> | <u>51.4</u> | <u>48.5</u> | <u>100.2</u> | <u>94.6</u> | <u>5.9%</u> |
| Total deferred inflows of resources | 17.4 | 17.0 | - | - | 17.4 | 17.0 | 2.4% |
| Net position | | | | | | | |
| Net investment in capital assets | 150.1 | 142.9 | 58.9 | 57.7 | 209.0 | 200.6 | 4.2% |
| Restricted | 6.9 | 0.8 | 5.1 | 7.2 | 12.0 | 8.0 | 50.0% |
| Unrestricted | 36.7 | 42.1 | 22.3 | 16.9 | 59.0 | 59.0 | 0.0% |
| Total net position | <u>\$ 193.7</u> | <u>\$ 185.8</u> | <u>\$ 86.3</u> | <u>\$ 81.8</u> | <u>\$ 280.0</u> | <u>\$ 267.6</u> | <u>4.6%</u> |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2014, the City's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$280.0 million (net position), compared to \$267.6 million at June 30, 2013. This would indicate an improved financial position in comparison to last fiscal year. Approximately 74.6 percent at June 30, 2014, and 75.0 percent at June 30, 2013, 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

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

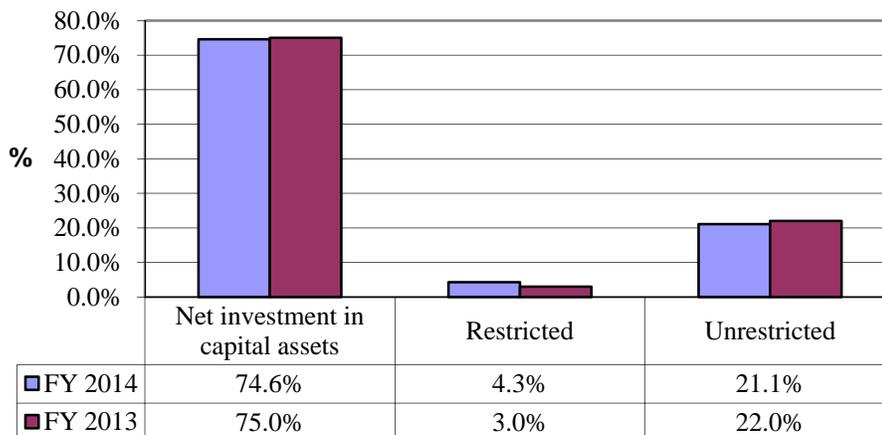
increase in the City's net investment in capital assets of \$8.4 million was due to the net of routine acquisition of capital assets, repayments of the related debt, depreciation expense and spending of bond proceeds held with fiscal agent which are not considered to be part of capital assets until spent on a project.

Restricted net position of \$12.0 million at June 30, 2014, and \$8.0 million at June 30, 2013 represents resources that are subject to external restrictions on how they may be used. The increase in restricted net position of \$4.0 million reflects the net increase in restricted net position due to the drawdown of cash with the fiscal agent spent on construction of capital assets combined with the increase from the issuance of the Series 2014 Water Revenue Bonds. The debt service net increase of \$0.4 million was due to the refunding of the 2003 General Obligation Bonds and the issuance of the 2014 Water Revenue Bonds and 2013A and 2013B General Obligation Revenue and Refunding Bonds. Water Revenue bond proceeds are restricted for construction and improvements. The 2013A General Obligation bond proceeds are restricted to acquire and preserve undeveloped park and recreational land and to acquire, construct, improve and modify pathways, roads and related improvements for use by pedestrians and cyclists.

The other sub-classification of net position is unrestricted. The balance of approximately \$59.0 million at June 30, 2014, 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 remained the same from last fiscal year.

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

Park City Municipal Corporation
Net Position Percentage
June 30, 2014 and 2013



PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

Changes in Net Position - As taken from the Statement of Activities, the following table depicts the changes in net position for fiscal years 2014 and 2013.

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

| | Governmental Activities | | Business-Type Activities | | Total | | Total % Change |
|------------------------------------|----------------------------|-----------------|-----------------------------|----------------|-----------------|-----------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | |
| Revenues | | | | | | | |
| Program Revenues | | | | | | | |
| Charges for services | \$ 5.4 | \$ 3.9 | \$ 18.1 | \$ 17.3 | \$ 23.5 | \$ 21.2 | 10.8% |
| Operating grants and contributions | 0.2 | 0.3 | 1.6 | - | 1.8 | 0.3 | 500.0% |
| Capital grants and contributions | 1.8 | 1.1 | 3.3 | 2.4 | 5.1 | 3.5 | 45.7% |
| General Revenues | | | | | | | |
| Property Tax | 17.9 | 18.2 | - | - | 17.9 | 18.2 | -1.6% |
| Other Taxes | 16.7 | 13.2 | 4.0 | 3.9 | 20.7 | 17.1 | 21.1% |
| Investment earnings | 0.3 | 0.3 | 0.4 | 0.2 | 0.7 | 0.5 | 40.0% |
| Other | 1.6 | 1.2 | 0.5 | 0.4 | 2.1 | 1.6 | 31.3% |
| Total revenues | 43.9 | 38.2 | 27.9 | 24.2 | 71.8 | 62.4 | 15.1% |
| Expenses | | | | | | | |
| General government | 18.0 | 15.4 | - | - | 18.0 | 15.4 | 16.9% |
| Public safety | 5.0 | 5.0 | - | - | 5.0 | 5.0 | 0.0% |
| Public works | 7.0 | 7.2 | - | - | 7.0 | 7.2 | -2.8% |
| Library and recreation | 4.4 | 4.2 | - | - | 4.4 | 4.2 | 4.8% |
| Interest on long-term debt | 1.6 | 1.6 | - | - | 1.6 | 1.6 | 0.0% |
| Water | - | - | 11.6 | 11.0 | 11.6 | 11.0 | 5.5% |
| Transportation and parking | - | - | 10.4 | 9.6 | 10.4 | 9.6 | 8.3% |
| Golf course | - | - | 1.4 | 1.4 | 1.4 | 1.4 | 0.0% |
| Total expenses | 36.0 | 33.4 | 23.4 | 22.0 | 59.4 | 55.4 | 7.2% |
| Change in net position | 7.9 | 4.8 | 4.5 | 2.2 | 12.4 | 7.0 | 77.1% |
| Net position beginning | 185.8 | 181.0 | 81.8 | 79.6 | 267.6 | 260.6 | 2.7% |
| Net position ending | \$ 193.7 | \$ 185.8 | \$ 86.3 | \$ 81.8 | \$ 280.0 | \$ 267.6 | 4.6% |

Net position increased from governmental activities in fiscal year 2014 approximately \$7.9 million and increased \$4.8 million in fiscal year 2013. The increase is primarily due to increased charges for services and sales taxes. Expenses for governmental activities increased \$2.6 million. The reasons for this increase are discussed in the following section for governmental activities.

Net position increased \$4.5 million in fiscal year 2014 and increased \$2.2 million in 2013 for business-type activities. The revenues for business-type activities increased in charges for services due to the increase in water service rates of 18.0 percent on July 1, 2013. Operating grants and contributions increased in the Transportation and Parking Fund and capital grants and contributions increased in the Water Fund.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

Revenues – For the year ended June 30, 2014, the City’s government-wide total revenues are approximately \$71.8 million as compared to the prior year total revenues of \$62.4 million. Key elements of this change were as follows:

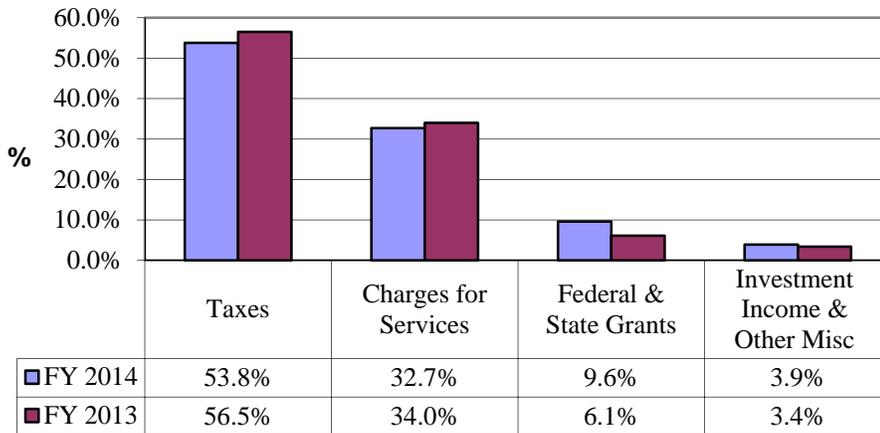
- Of the City’s total revenues, approximately 53.8 percent in fiscal year 2014 and 56.5 percent in fiscal year 2013 resulted from taxes, of which the majority was from property taxes and increased resort taxes combined with the 0.50% in additional resort taxes as shown in the following table:

| | Tax Revenues | | Total % Change |
|---|---------------------|-------------|---------------------------|
| | 2014 | 2013 | |
| Property tax, levied for general purposes | \$ 12.8 | \$ 13.6 | -5.88% |
| Property tax, levied for debt service | 5.1 | 4.6 | 10.87% |
| General sales and use tax | 8.4 | 8.1 | 3.70% |
| Franchise tax | 3.2 | 3.0 | 6.67% |
| Resort tax | 9.1 | 6.0 | 51.67% |
| Total | \$ 38.6 | \$ 35.3 | 9.35% |

- Charges for services increased in fiscal year 2014 approximately \$2.3 million and decreased from 34.0 percent of total revenues in fiscal year 2013 to 32.7 percent in fiscal year 2014. The \$2.3 million increase is due to a combination of increased building permit fees and water service fees.
- Operating and capital contributions and grants increased to 9.6 percent of total revenues in fiscal year 2014 as compared to 6.1 percent in fiscal year 2013. This was a result of an increase in operating and capital grants in the business type activities combined with a net increase in operating and capital grant contributions in the 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 2014 from 3.4 percent in fiscal year 2013. Miscellaneous income in governmental activities increased \$0.4 million due to increased facility usage fees at PC MARC, increased affordable housing income, and a one-time reimbursement of prior fiscal year utility expenses.

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014**

**Government-Wide Revenues by Source
June 30, 2014 and 2013**



Expenses - The City's government-wide total expenses cover a range of services. For the year ended June 30, 2014, the City's total expenses are \$59.4 million compared to the prior year of \$55.4 million. Of the \$4.0 million increase, general government expenses increased \$2.6 million, public works decreased \$0.2 million, and library and recreation increased \$0.2 million. Business-type activities increased \$1.4 million.

Governmental Activities:

Revenue Highlights:

- Taxes comprise the largest source of revenue for the City's governmental activities: Approximately \$34.5 million or 78.6 percent in fiscal year 2014 and \$31.4 million or 82.2 percent in fiscal year 2013 of total revenues from governmental activities. The \$3.1 million increase is the combination of the increased receipts of sales and resort taxes and a 0.50% increase to the resort tax rate during fiscal year 2014. Of total taxes, real property taxes are approximately \$17.9 million (51.7 percent) in fiscal year 2014 and \$18.2 million (58.0 percent) in fiscal year 2013.
- Charges for services increased to \$5.4 million or 12.3 percent of total revenues in fiscal year 2014 from \$3.9 million or 10.2 percent of total revenues in fiscal year 2013. The increase in 2014 was a result of collecting more building and permit fees.
- Grant and contribution revenue represents approximately \$2.0 million or 4.7 percent in fiscal year 2014 and \$1.4 million or 3.7 percent in fiscal year 2013 of total revenues. The \$0.6 million increase was the result of an increase in capital grants and contributions of \$0.7 million offset by a decrease in operating grants and contributions of \$0.1 million. The \$0.7 million increase in capital grants was from the receipt of a \$1.0 million State award from the Utah Governor's Office of Economic Development for Main Street improvements and a \$0.3 million decrease in recreation, arts, and parks grants.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

Expense Highlights:

- General government expenses of approximately \$18.0 million in fiscal year 2014 and \$15.4 million in fiscal year 2013 represented 50.0 percent in fiscal year 2014 and 46.1 percent in fiscal year 2013 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 and Non-departmental. The increase is primarily due to increases in salaries and benefits.
- Public Works, accounted for approximately \$7.0 million or 19.6 percent in fiscal year 2014 and \$7.2 million or 21.6 percent in fiscal year 2013 of total expenses. The \$0.2 million decrease was primarily a result of a change in accounting for utility expenses.
- Public Safety expenses were \$5.0 million or 14.0 percent in fiscal year 2014 and \$5.0 million or 15.0 percent in fiscal year 2013.
- Library and Recreation expenses were \$4.4 million or 12.2 percent in fiscal year 2014 and \$4.2 million or 12.5 percent in fiscal year 2013. The \$0.2 million increase is the result of a change in accounting for utility expenses.

As a result, total net expenses that were funded by general revenues were \$28.5 million. Tax revenues of \$34.5 million were sufficient to fund net expenses in fiscal year 2014.

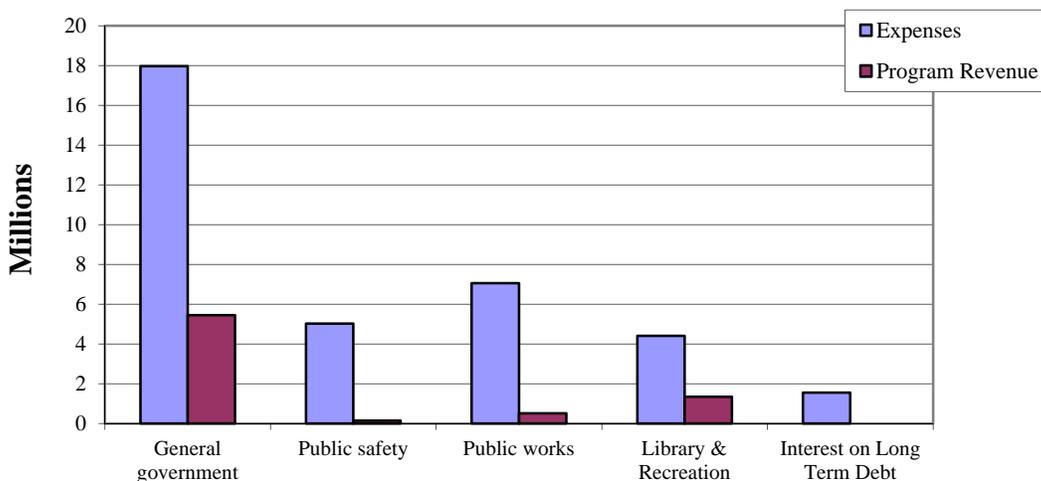
PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

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 | | Total % Change |
|----------------------------|------------------------|----------------|----------------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 | |
| General government | \$ 18.0 | \$ 15.4 | \$ 12.5 | \$ 12.8 | -2.3% |
| Public safety | 5.0 | 5.0 | 4.9 | 4.7 | 4.3% |
| Public works | 7.0 | 7.2 | 6.5 | 6.6 | -1.5% |
| Library and recreation | 4.4 | 4.2 | 3.1 | 2.4 | 29.2% |
| Interest on long term debt | 1.6 | 1.6 | 1.5 | 1.6 | -6.3% |
| Total | \$ 36.0 | \$ 33.4 | \$ 28.5 | \$ 28.1 | 1.4% |

Expense and Program Revenue-Governmental Activities*
FY 2014



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

Business-type Activities:

The City's business-type activities increased net position by \$4.5 million. Key elements of this increase were as follows:

Revenue Highlights:

- Charges for services for business-type activities increased approximately \$0.8 million in fiscal year 2014 primarily due to increased water service fees resulting from an 18.0 percent increase in water rates on July 1, 2013.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

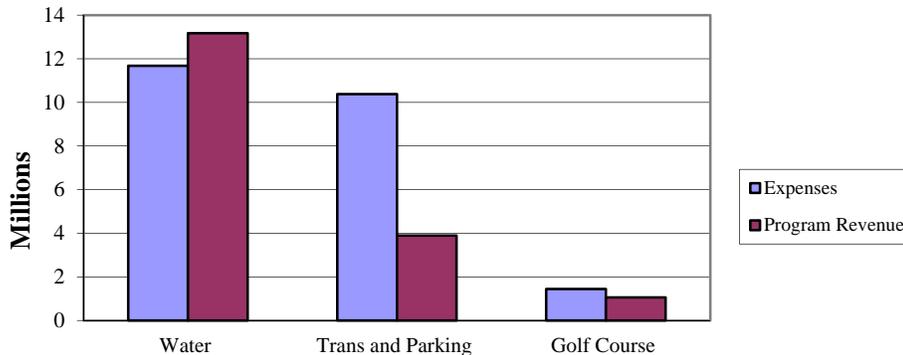
- Operating and capital grants and contributions increased approximately \$2.5 million from fiscal year 2013 to fiscal year 2014. The \$1.6 million increase in the Transportation and Parking Fund was due to increased operating and capital grants from the federal government. The \$1.0 million increase in the Water Fund was due to increased water impact fee collection and a federal grant. The \$0.1 million decrease in the Golf Fund was due to receipt of the restaurant, art and recreation tax grant from Summit County in fiscal year 2013.
- Combined general sales and use tax and transit resort tax increased approximately \$0.1 million from fiscal year 2013 to fiscal year 2014. In fiscal year 2014, a slight increase in visitors to Park City increased sales and resort tax.
- Investment earnings increased approximately \$0.2 million in the Water Fund. This increase is primarily the result of capitalized interest on tax-exempt debt used for the acquisition and construction of capital assets. Interest expense on the amount borrowed exceeded interest income earned on the proceeds of the debt that was temporarily invested.

Expense Highlights:

- Salaries and benefits increased by \$0.6 million in 2014. The Water Fund accounted for \$0.1 million of the increase, \$0.4 million increase in the Transportation and Parking Fund due to bringing the previously outsourced Parking Department in-house during fiscal year 2014, and \$0.1 million increase in the Golf Fund.
- Supplies, maintenance and services increased by \$0.7 million in fiscal year 2014. The \$0.4 million increase in the Water Fund was due to the replacement of several large water meters for more accurate water billing and increased professional and consulting services. The \$0.3 million increase in the Transportation and Parking Fund was due to bringing the Parking Department in-house during fiscal year 2014.
- Energy and utilities decreased by \$0.2 million in fiscal year 2014. This is a result of decreased fuel costs in the Transportation and Parking Fund.

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014**

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 48.

As of June 30, 2014, the aggregate fund balance of the City's governmental funds was \$47.5 million, an increase of \$8.3 million in comparison with the fiscal year ended June 30, 2013. In fiscal year 2014, approximately \$6.7 million or 14.0 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 \$6.9 million in fiscal year 2014 and \$0.8 million in fiscal year 2013. Restricted capital improvement funds will be used to pay for several large dollar construction projects in future fiscal years.

The remainder of the fund balance of \$33.9 million is committed. Of the \$33.9 million committed fund balance, \$32.3 million is committed to capital projects and \$1.6 million is committed to debt service. In fiscal year 2013 committed fund balance was

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

approximately \$33.0 million and \$31.5 million was committed to capital projects and \$1.5 million to debt service.

The General Fund is the principal operating fund of the City. Utah State code establishes a 5.0 percent minimum (\$1,366,334) and a 25.0 percent maximum (\$6,831,670) limit to the amount that may be accumulated as the fund balance in the General Fund. As of June 30, 2014 the unassigned fund balance of the General Fund was \$6,670,716 and was \$160,954 below the 25.0 percent limit. The unassigned fund balance increased by \$1,155,589 in 2014. The unassigned fund balance in fiscal year 2013 increased \$1,503,502.

As of June 30, 2014, the restricted fund balance in the Capital Improvements Fund was \$6.9 million and the committed fund balance was \$20.4 million. In fiscal year 2013 the restricted fund balance was \$0.6 million and the committed fund balance was \$18.2 million. The \$6.3 million increase in restricted fund balance is due to the unspent portion of the 2013A General Obligation Bond proceeds. The \$2.2 million increase in committed fund balances resulted from decreased capital outlay spending.

As of June 30, 2014, the committed fund balance in the Lower Park Avenue Redevelopment Agency Capital Projects Fund was \$8.2 million. In fiscal year 2013 the committed fund balance was \$9.9 million. The \$1.7 million decrease in committed fund balance resulted from 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 \$86.3 million at June 30, 2014, as compared to \$81.7 million at the end of fiscal year 2013. Net position at the end of fiscal year 2014 and 2013 for each of these funds were:

Park City Municipal Corporation
Proprietary Funds

| <u>Fund</u> | <u>Amount</u> | | <u>Change</u> |
|----------------------------|----------------------|----------------------|---------------------|
| | <u>2014</u> | <u>2013</u> | |
| Water | \$ 43,660,945 | \$ 40,016,562 | \$ 3,644,383 |
| Transportation and parking | 39,246,772 | 38,225,685 | 1,021,087 |
| Golf course | 3,406,771 | 3,442,131 | (35,360) |
| Total | <u>\$ 86,314,488</u> | <u>\$ 81,684,378</u> | <u>\$ 4,630,110</u> |

The net increase in net position from the prior year was \$4.6 million as compared to an increase of \$2.2 million in fiscal year 2013. Operating revenues increased \$0.9 million as compared to an increase of \$2.9 million in fiscal year 2013. The Water Fund operating revenues increased \$0.9 million. As noted earlier in the discussion of business-type activities, increased water fees resulted from a rate increase of 18.0 percent effective July

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

1, 2013. The Transportation Fund operating revenues decreased less than \$0.1 million compared to fiscal year 2013. The decrease is attributable to decreased revenue from regional transit and business licenses. The Golf Fund operating revenues increased less than \$0.1 million due to a combination of increased play and increased fees.

Transportation and Parking Fund net investment in capital assets increased by \$0.2 million in fiscal year 2014 primarily due to routine acquisition and disposition of capital assets net of depreciation expense. Unrestricted net position increased \$0.8 million.

Water Fund net investment in capital assets increased by \$1.1 million, restricted net position decreased \$2.1 million and unrestricted net position increased by \$4.6 million resulting in a net increase of total net position of \$3.6 million. The increase in net investment in capital assets was due to the net of acquisition of capital assets, repayment of related debt, depreciation expense and spending of bond proceeds held with fiscal agent that are not attributable to capital assets until spent on a project.

Golf Fund net investment in capital assets decreased \$0.2 million due to depreciation expense. Unrestricted net position increased \$0.2 million due to the increase in fees and 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 \$0.1 (net increase) can be briefly summarized as follows:

- \$0.4 million increase in appropriations for general government due to professional and miscellaneous consulting services and vacancy factor allocations.
- \$0.3 million combined decrease in public safety, public works, and library and recreation department budgets due to vacancy factor allocations.

Total actual expenditures came in \$0.9 million below the final budget. All departments kept within their legal spending authority. The differences between actual and the final budget can be briefly summarized as follows:

- The final budget was \$0.6 million more than the actual expenditures in general government. This variance is attributable to spending coming in under budget in salaries and health benefits.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

- The final budget in public safety was \$0.1 million more than the actual expenditures. This variance is attributable to spending coming in under budget in equipment, salaries, and health benefits.
- The final budget was \$0.1 million more than actual expenditures in public works. This variance is attributable to spending coming in under budget in salaries, health benefits and utilities.
- The final budget was \$0.1 million more than actual expenditures in library and recreation. This variance is attributable to salaries, health benefits, and miscellaneous contract services coming in under budget.

Actual revenues of \$25.7 million were \$0.9 million less than the budgeted revenues of \$26.6 million. See Note L-Budget Reconciliation on page 72 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 \$285.7 million (net of \$159.7 million accumulated depreciation) at June 30, 2014, as compared to \$277.1 million (net of \$149.8 million accumulated depreciation) at June 30, 2013. 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, 2014 included:

Governmental Activities:

- \$1.9 million Empire Avenue reconstruction
- \$2.0 million Historic Park City infrastructure improvements
- \$1.4 million Woodside Avenue land

Business-type Activities:

- \$1.9 million Transit Seasonal Housing
- \$1.9 million Deer Valley Drive waterline

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

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>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | |
| Land and water rights | \$ 101.6 | \$ 98.0 | \$ 20.3 | \$ 20.3 | \$ 121.9 | \$ 118.3 | 3.0% |
| Infrastructure | 107.3 | 104.1 | - | - | 107.3 | 104.1 | 3.1% |
| Buildings | 37.1 | 37.1 | 17.3 | 16.2 | 54.4 | 53.3 | 2.1% |
| Art | 0.6 | 0.6 | 0.1 | 0.1 | 0.7 | 0.7 | 0.0% |
| Improvements other than buildings | 35.3 | 33.5 | 78.8 | 74.7 | 114.1 | 108.2 | 5.5% |
| Vehicles and equipment | 10.3 | 10.2 | 22.1 | 21.4 | 32.4 | 31.6 | 2.5% |
| Construction in progress | 3.5 | 1.5 | 5.3 | 3.5 | 8.8 | 5.0 | 76.0% |
| Intangibles | 5.7 | 5.7 | 0.10 | 0.03 | 5.80 | 5.73 | 1.2% |
| Accumulated depreciation | (114.4) | (108.9) | (45.3) | (40.9) | (159.7) | (149.8) | 6.6% |
| Total Assets | \$ 187.0 | \$ 181.8 | \$ 98.7 | \$ 95.3 | \$ 285.7 | \$ 277.1 | 3.1% |

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

Long-term Debt: At June 30, 2014, the City had \$91.7 million in bonds and contracts payable, an increase of 3.9 percent from fiscal year 2013. Of this amount \$33.0 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 \$58.7 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 "A+" to the Series 2005 and 2010 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 2014 and 2013 were as follows:

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

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | | <u>Total % Change</u> |
|--------------------------|--------------------------------|----------------|---------------------------------|----------------|----------------|----------------|---------------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | |
| Contracts payable | \$ 2.7 | \$ 2.8 | \$ - | \$ - | \$ 2.7 | \$ 2.8 | -3.6% |
| General obligation bonds | 33.0 | 29.7 | - | - | 33.0 | 29.7 | 11.1% |
| Revenue bonds | 7.8 | 9.0 | 48.2 | 46.8 | 56.0 | 55.8 | 0.4% |
| Total debt | \$ 43.5 | \$ 41.5 | \$ 48.2 | \$ 46.8 | \$ 91.7 | \$ 88.3 | 3.9% |

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2014

The State of Utah mandates a general obligation debt limit to 4.0 percent of total assessed value of \$7,017,487,857. The current limitation for the City is \$280,699,514, which is significantly in excess of the City's outstanding general obligation debt. The City's net debt subject to this limitation was \$33,018,370 or 0.5 percent of total assessed value leaving the amount available for future indebtedness at \$247,681,144. See Schedule 17 on page 112 of this report.

More detailed information about the City's long-term liabilities is presented in Note E-Long-term Obligations on pages 58-68 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 3.1 percent compared with the State unemployment rate of 3.5 percent, and a national rate of 5.9 percent. This compares with a rate of 4.0 percent for Summit County in 2013. (Sources: Utah Dept. of Workforce Services and Bureau of Labor Statistics)
- The fiscal year 2015 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 2015 compared with the fiscal year just ended except that water user rates were increased by 12.0 percent in the Water Fund effective July 1, 2014. The City anticipates rate increases each year over the next several years in order to provide adequate working capital necessary to maintain the water system, pay debt service and comply with the rate-covenant contained in the City's water revenue bond issue.

Contacting City Management

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

BASIC FINANCIAL STATEMENTS

Park City Municipal Corporation, Utah
Statement of Net Position
June 30, 2014

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Cash, cash equivalents and investments | \$ 43,363,073 | \$ 30,177,144 | \$ 73,540,217 |
| Restricted cash and cash equivalents, fiscal agent | 952 | 5,103,868 | 5,104,820 |
| Restricted cash, cash equivalents and investments, other | 6,866,835 | - | 6,866,835 |
| Receivables: | | | |
| Taxes | 20,040,715 | 391,595 | 20,432,310 |
| Accounts | 364,283 | 2,421,114 | 2,785,397 |
| Notes | 1,578,341 | - | 1,578,341 |
| Internal balances | 99,037 | (99,037) | - |
| Inventories | 570,824 | 465,280 | 1,036,104 |
| Prepays | - | 510,634 | 510,634 |
| Capital assets not being depreciated: | | | |
| Land and water rights | 101,650,047 | 20,270,189 | 121,920,236 |
| Construction in progress | 3,473,839 | 5,317,239 | 8,791,078 |
| Art | 601,356 | 109,214 | 710,570 |
| Capital assets (net of accumulated depreciation): | | | |
| Buildings | 27,044,550 | 12,355,891 | 39,400,441 |
| Improvements other than buildings | 18,565,597 | 48,488,409 | 67,054,006 |
| Vehicles and equipment | 3,528,547 | 12,057,267 | 15,585,814 |
| Infrastructure | 26,782,596 | - | 26,782,596 |
| Intangibles | 5,432,274 | 74,665 | 5,506,939 |
| Total assets | <u>259,962,866</u> | <u>137,643,472</u> | <u>397,606,338</u> |
| Deferred outflows of resources | | | |
| Deferred outflows of resources-deferred charge on refunding | - | 22,977 | 22,977 |
| Total deferred outflows of resources | <u>\$ -</u> | <u>\$ 22,977</u> | <u>\$ 22,977</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, 2014

| | Primary Government | | |
|--|------------------------------------|-------------------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities | Total |
| Liabilities | | | |
| Accounts payable | \$ 2,347,177 | \$ 2,459,089 | \$ 4,806,266 |
| Accrued liabilities | 2,374,491 | 462,499 | 2,836,990 |
| Long-term debt due within one year: | | | |
| Compensated absences | 296,045 | 95,751 | 391,796 |
| Contract payable | 2,586,533 | - | 2,586,533 |
| General obligation bonds | 3,655,000 | - | 3,655,000 |
| Revenue bonds | 1,250,000 | 2,790,000 | 4,040,000 |
| Long-term debt due in more than one year: | | | |
| Compensated absences | 357,680 | 133,541 | 491,221 |
| Contract payable | 93,024 | - | 93,024 |
| General obligation bonds | 29,363,370 | - | 29,363,370 |
| Revenue bonds | 6,535,764 | 45,447,837 | 51,983,601 |
| Total liabilities | <u>48,859,084</u> | <u>51,388,717</u> | <u>100,247,801</u> |
| Deferred inflows of resources | | | |
| Deferred inflows of resources-property taxes | <u>17,437,568</u> | <u>-</u> | <u>17,437,568</u> |
| Total deferred inflows of resources | <u>17,437,568</u> | <u>-</u> | <u>17,437,568</u> |
| Net Position | | | |
| Net investment in capital assets | 150,053,024 | 58,889,312 | 208,942,336 |
| Restricted for: | | | |
| Debt service | 952 | 5,087,768 | 5,088,720 |
| Capital projects | 6,866,835 | 16,100 | 6,882,935 |
| Other | 46,402 | - | 46,402 |
| Unrestricted | <u>36,699,001</u> | <u>22,284,552</u> | <u>58,983,553</u> |
| Total net position | <u><u>\$193,666,214</u></u> | <u><u>\$ 86,277,732</u></u> | <u><u>\$279,943,946</u></u> |

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

Park City Municipal Corporation, Utah
Statement of Activities
For the Year Ended June 30, 2014

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue</u> |
|--------------------------------|----------------------|---------------------------------|---|---|--------------------------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 17,971,342 | \$ 3,907,142 | \$ 26,846 | \$ 1,514,340 | \$ (12,523,014) |
| Public safety | 5,023,548 | 100 | 130,507 | 15,000 | (4,877,941) |
| Public works | 7,053,923 | 190,022 | - | 325,541 | (6,538,360) |
| Library and recreation | 4,408,912 | 1,309,934 | 7,794 | 25,000 | (3,066,184) |
| Interest on long-term debt | 1,552,101 | - | - | - | (1,552,101) |
| Total governmental activities | <u>36,009,826</u> | <u>5,407,198</u> | <u>165,147</u> | <u>1,879,881</u> | <u>(28,557,600)</u> |
| Business-type activities: | | | | | |
| Water | 11,678,822 | 13,171,473 | - | 1,711,058 | 3,203,709 |
| Transportation and parking | 10,378,982 | 3,895,008 | 1,649,174 | 1,631,514 | (3,203,286) |
| Golf course | 1,441,498 | 1,056,248 | - | 11,000 | (374,250) |
| Total business-type activities | <u>23,499,302</u> | <u>18,122,729</u> | <u>1,649,174</u> | <u>3,353,572</u> | <u>(373,827)</u> |
| Total primary government | <u>\$ 59,509,128</u> | <u>\$ 23,529,927</u> | <u>\$ 1,814,321</u> | <u>\$ 5,233,453</u> | <u>\$ (28,931,427)</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, 2014

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Changes in net position: | | | |
| Net (expense) revenue | \$ (28,557,600) | \$ (373,827) | \$ (28,931,427) |
| General revenues: | | | |
| Property tax, levied for general purposes | 12,772,297 | - | 12,772,297 |
| Property tax, levied for debt service | 5,082,714 | - | 5,082,714 |
| General sales and use tax | 4,347,534 | 4,019,133 | 8,366,667 |
| Franchise tax | 3,158,716 | - | 3,158,716 |
| Resort tax | 9,151,788 | - | 9,151,788 |
| Investment earnings | 348,090 | 358,535 | 706,625 |
| Miscellaneous | 1,594,150 | 497,745 | 2,091,895 |
| Total general revenues | <u>36,455,289</u> | <u>4,875,413</u> | <u>41,330,702</u> |
| Change in net position | 7,897,689 | 4,501,586 | 12,399,275 |
| Net position—beginning | <u>185,768,525</u> | <u>81,776,146</u> | <u>267,544,671</u> |
| Net position—end of year | <u>\$ 193,666,214</u> | <u>\$ 86,277,732</u> | <u>\$ 279,943,946</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 2005A and 2010 Sales Tax Revenue and Refunding Bonds.

Debt Service - Park City General Obligation Fund - Accounts for the accumulation of money for the repayment of the 2004, 2008, 2009, 2010 and 2013 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.

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

Park City Municipal Corporation, Utah
Balance Sheet
Governmental Funds
June 30, 2014

| | General | Debt Service -Sales Tax Revenue and Refunding | Debt Service - Park City General Obligation | Capital Projects - Capital Improvements Fund | Capital Projects - Lower Park Avenue Redevelop- ment Agency | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---|---|--|--|-----------------------------------|--------------------------------|
| Assets | | | | | | | |
| Cash, cash equivalents and investments | \$ 6,515,535 | \$ 1,164,512 | \$ 393,889 | \$ 21,078,228 | \$ 8,459,901 | \$ 3,803,542 | \$ 41,415,607 |
| Restricted cash, cash equivalents and investments, fiscal agent | - | 755 | 197 | - | - | - | 952 |
| Restricted cash, cash equivalents and investments, other | - | - | - | 6,866,835 | - | - | 6,866,835 |
| Receivables | | | | | | | |
| Taxes | 10,125,917 | - | 5,321,592 | 389,628 | 2,135,398 | 1,301,797 | 19,274,332 |
| Accounts | 95,817 | - | - | 164,490 | 1,353 | 309 | 261,969 |
| Notes | - | - | - | 1,578,341 | - | - | 1,578,341 |
| Interfund loan | - | - | - | 62,281 | - | - | 62,281 |
| Other assets | 84,489 | - | - | - | - | - | 84,489 |
| Total assets | <u>\$ 16,821,758</u> | <u>\$ 1,165,267</u> | <u>\$ 5,715,678</u> | <u>\$ 30,139,803</u> | <u>\$ 10,596,652</u> | <u>\$ 5,105,648</u> | <u>\$ 69,544,806</u> |
| Liabilities | | | | | | | |
| Accounts payable | \$ 639,935 | \$ - | \$ 500 | \$ 1,254,291 | \$ 242,430 | \$ 67,886 | \$ 2,205,042 |
| Accrued liabilities | 777,800 | - | - | - | - | - | 777,800 |
| Total liabilities | <u>1,417,735</u> | <u>-</u> | <u>500</u> | <u>1,254,291</u> | <u>242,430</u> | <u>67,886</u> | <u>2,982,842</u> |
| Deferred inflows of resources | | | | | | | |
| Unavailable revenue-property tax | 8,686,905 | - | 5,321,592 | - | 2,129,071 | 1,300,000 | 17,437,568 |
| Unavailable revenue-notes | - | - | - | 1,640,622 | - | - | 1,640,622 |
| Total deferred inflows of resources | <u>8,686,905</u> | <u>-</u> | <u>5,321,592</u> | <u>1,640,622</u> | <u>2,129,071</u> | <u>1,300,000</u> | <u>19,078,190</u> |
| Fund Balances | | | | | | | |
| Restricted: | | | | | | | |
| Capital projects | - | - | - | 6,866,835 | - | - | 6,866,835 |
| Debt service | - | 755 | 197 | - | - | - | 952 |
| Drug and tobacco enforcement | 46,402 | - | - | - | - | - | 46,402 |
| Committed: | | | | | | | |
| Capital projects funds | - | - | - | 20,378,055 | 8,225,151 | 3,737,762 | 32,340,968 |
| Debt service funds | - | 1,164,512 | 393,389 | - | - | - | 1,557,901 |
| Unassigned | 6,670,716 | - | - | - | - | - | 6,670,716 |
| Total fund balances | <u>6,717,118</u> | <u>1,165,267</u> | <u>393,586</u> | <u>27,244,890</u> | <u>8,225,151</u> | <u>3,737,762</u> | <u>47,483,774</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 16,821,758</u> | <u>\$ 1,165,267</u> | <u>\$ 5,715,678</u> | <u>\$ 30,139,803</u> | <u>\$ 10,596,652</u> | <u>\$ 5,105,648</u> | <u>\$ 69,544,806</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, 2014

| | | |
|--|------------------|------------------------------|
| TOTAL FUND BALANCES - GOVERNMENTAL FUNDS | | \$ 47,483,774 |
| 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. | | 187,078,806 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds. | | |
| Taxes receivable | 766,383 | |
| Interest receivable | <u>(75,960)</u> | 690,423 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position. | | 2,450,695 |
| Certain items not accounted for as unavailable under accrual accounting. | | 1,640,622 |
| Pollution remediation liability not reported in the funds. | | (1,384,500) |
| Long-term liabilities, including bonds payable, 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 | (609,734) | |
| Revenue bonds | (7,765,000) | |
| General obligation bonds | (32,615,000) | |
| Contracts payable | (2,679,557) | |
| Deferred bond premiums and discounts | (424,134) | |
| Accrued interest on the bonds | <u>(200,181)</u> | <u>(44,293,606)</u> |
| TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES | | <u>\$ 193,666,214</u> |

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, 2014

| | General | Debt Service - Sales Tax Revenue and Refunding | Debt Service - Park City General Obligation | Capital Improvements Fund | Lower Park Avenue Redevelopment Agency | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|---|--|---------------------------------|---|-----------------------------------|--------------------------------|
| Revenues | | | | | | | |
| Taxes and special assessments | \$ 19,752,153 | \$ - | \$ 5,082,714 | \$ 6,184,909 | \$ 2,203,448 | \$ 1,263,060 | \$ 34,486,284 |
| Licenses and permits | 2,611,576 | - | - | - | - | - | 2,611,576 |
| Intergovernmental | 162,353 | - | - | 1,656,469 | - | - | 1,818,822 |
| Charges for services | 2,194,197 | - | - | - | - | - | 2,194,197 |
| Fines and forfeitures | 21,648 | - | - | - | - | - | 21,648 |
| Investment income | 114,493 | 2,747 | 29,061 | 148,880 | 42,524 | 10,385 | 348,090 |
| Impact fees | - | - | - | 397,737 | - | - | 397,737 |
| Rental and other miscellaneous | 838,591 | - | 65,671 | 1,008,278 | - | - | 1,912,540 |
| Total revenues | 25,695,011 | 2,747 | 5,177,446 | 9,396,273 | 2,245,972 | 1,273,445 | 43,790,894 |
| Expenditures | | | | | | | |
| Current | | | | | | | |
| General government | 12,086,576 | - | - | - | - | - | 12,086,576 |
| Public safety | 4,684,672 | - | - | - | - | - | 4,684,672 |
| Public works | 4,643,828 | - | - | - | - | - | 4,643,828 |
| Library and recreation | 3,361,464 | - | - | - | - | - | 3,361,464 |
| Capital outlay | - | - | - | 9,310,967 | 3,591,066 | 1,021,734 | 13,923,767 |
| Debt service | | | | | | | |
| Principal | - | 1,200,000 | 3,940,000 | 80,496 | - | - | 5,220,496 |
| Interest | - | 359,863 | 1,237,411 | 19,504 | - | - | 1,616,778 |
| Bond issuance costs | - | - | 123,931 | - | - | - | 123,931 |
| Total expenditures | 24,776,540 | 1,559,863 | 5,301,342 | 9,410,967 | 3,591,066 | 1,021,734 | 45,661,512 |
| Excess (deficiency) of revenues over (under) expenditures | 918,471 | (1,557,116) | (123,896) | (14,694) | (1,345,094) | 251,711 | (1,870,618) |
| Other financing sources (uses) | | | | | | | |
| Debt issuance | - | - | 7,170,000 | - | - | - | 7,170,000 |
| Refunding bonds issued | - | - | 1,930,000 | - | - | - | 1,930,000 |
| Payment to refunded bondholders | - | - | (1,930,000) | - | - | - | (1,930,000) |
| Premium on debt issuance | - | - | 92,774 | - | - | - | 92,774 |
| Premium on refunding bonds | - | - | 50,769 | - | - | - | 50,769 |
| Payment received on note | - | - | - | 1,375,000 | - | - | 1,375,000 |
| Sale of capital assets | - | - | - | - | - | 146,554 | 146,554 |
| Transfers in | 1,346,991 | 1,561,988 | - | 7,164,160 | - | 905,000 | 10,978,139 |
| Transfers out | (1,111,247) | - | (7,164,160) | (134,366) | (351,176) | (921,349) | (9,682,298) |
| Total other financing sources (uses) | 235,744 | 1,561,988 | 149,383 | 8,404,794 | (351,176) | 130,205 | 10,130,938 |
| Net change in fund balances | 1,154,215 | 4,872 | 25,487 | 8,390,100 | (1,696,270) | 381,916 | 8,260,320 |
| Fund balances - beginning | 5,562,903 | 1,160,395 | 368,099 | 18,854,790 | 9,921,421 | 3,355,846 | 39,223,454 |
| Fund balances - ending | \$ 6,717,118 | \$ 1,165,267 | \$ 393,586 | \$ 27,244,890 | \$ 8,225,151 | \$ 3,737,762 | \$ 47,483,774 |

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, 2014

| | | |
|--|--------------------|----------------------------|
| Net change in fund balances—total governmental funds | | \$ 8,260,320 |
| <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 | 9,708,860 | |
| Depreciation expense | <u>(5,969,962)</u> | 3,738,898 |
| <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> | | |
| | | (129,176) |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p> | | |
| Donated capital assets | 1,626,206 | |
| Taxes receivable | 35,362 | |
| Interest receivable | 1,253 | |
| Unavailable revenue | <u>(3,558,988)</u> | (1,896,167) |
| <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 long-term 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 long-term liabilities in the statement of net position.</p> | | |
| Issuance of long-term debt | (9,100,000) | |
| Principal repayments on long-term debt | 7,150,496 | |
| Capitalization of premiums and discounts | (143,543) | |
| Amortization of bond premiums and discounts | <u>64,863</u> | (2,028,184) |
| <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> | | |
| | | (47,805) |
| <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 loss of (\$128,721) less amount allocated to business-type activities of \$36,756 and reversal of prior year allocation of \$91,768.</p> | | |
| | | <u>(197)</u> |
| Change in net position of governmental activities | | <u><u>\$ 7,897,689</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, 2014

| | <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 | \$ 9,354,000 | \$ 9,354,000 | \$ 8,548,007 | \$ (805,993) |
| Delinquent taxes | 435,000 | 675,000 | 731,017 | 56,017 |
| General sales and use taxes | 4,100,352 | 4,334,000 | 4,347,534 | 13,534 |
| Franchise taxes | 3,136,000 | 3,141,000 | 3,158,716 | 17,716 |
| Resort taxes | 3,363,000 | 3,506,000 | 2,966,879 | (539,121) |
| Licenses and permits | | | | |
| Business licenses | 314,000 | 412,000 | 422,747 | 10,747 |
| Building permits | 930,000 | 1,199,000 | 1,326,161 | 127,161 |
| Plan application fees | 98,000 | 193,000 | 201,957 | 8,957 |
| Building fees | 102,000 | 569,000 | 618,750 | 49,750 |
| Other | 37,000 | 47,000 | 41,961 | (5,039) |
| Intergovernmental | | | | |
| Federal contribution | 33,000 | 41,000 | 69,654 | 28,654 |
| State liquor allotment | 69,000 | 61,000 | 60,819 | (181) |
| State contributions | 20,000 | 6,500 | 8,880 | 2,380 |
| County contributions | 10,000 | 23,000 | 23,000 | - |
| Charges for services | | | | |
| Recreational service fees | 2,178,000 | 1,994,000 | 2,081,584 | 87,584 |
| Reimbursable services | 101,000 | 91,000 | 86,364 | (4,636) |
| Cemetery fees and plot sales | 21,000 | 25,000 | 25,360 | 360 |
| Miscellaneous services | 1,000 | 1,000 | 889 | (111) |
| Fines and forfeitures | 34,000 | 37,803 | 21,648 | (16,155) |
| Miscellaneous | 838,000 | 777,000 | 838,591 | 61,591 |
| Investment income | 105,000 | 95,000 | 114,493 | 19,493 |
| Total revenues | <u>25,279,352</u> | <u>26,582,303</u> | <u>25,695,011</u> | <u>(887,292)</u> |
| Expenditures: | | | | |
| General government | 12,249,118 | 12,717,908 | 12,086,576 | 631,332 |
| Public safety | 4,968,434 | 4,785,985 | 4,684,672 | 101,313 |
| Public works | 4,827,046 | 4,746,554 | 4,643,828 | 102,726 |
| Library and recreation | 3,551,690 | 3,487,172 | 3,361,464 | 125,708 |
| Total expenditures | <u>25,596,288</u> | <u>25,737,619</u> | <u>24,776,540</u> | <u>961,079</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(316,936)</u> | <u>844,684</u> | <u>918,471</u> | <u>73,787</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 1,450,842 | 1,346,991 | 1,346,991 | - |
| Transfers out | (1,111,247) | (1,111,247) | (1,111,247) | - |
| Total other financing sources | <u>339,595</u> | <u>235,744</u> | <u>235,744</u> | <u>-</u> |
| Net change in fund balance | 22,659 | 1,080,428 | 1,154,215 | 73,787 |
| Fund balance - beginning | 4,108,640 | 5,496,420 | 5,562,903 | 66,483 |
| Fund balance - ending | <u>\$ 4,131,299</u> | <u>\$ 6,576,848</u> | <u>\$ 6,717,118</u> | <u>\$ 140,270</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, 2014

| | 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 | \$ 10,745,880 | \$ 19,074,973 | \$ 356,291 | \$ 30,177,144 | \$ 1,947,466 |
| Restricted cash and cash equivalents, fiscal agent | 5,103,868 | - | - | 5,103,868 | - |
| Taxes receivable | - | 391,595 | - | 391,595 | - |
| Accounts receivable | 2,141,714 | 279,345 | 55 | 2,421,114 | 74,496 |
| Inventories | 374,022 | 21,563 | 69,695 | 465,280 | 486,335 |
| Prepays | 510,634 | - | - | 510,634 | - |
| Total current assets | <u>18,876,118</u> | <u>19,767,476</u> | <u>426,041</u> | <u>39,069,635</u> | <u>2,508,297</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 | 73,031,747 | 4,048,131 | 1,717,863 | 78,797,741 | - |
| Art | - | 109,214 | - | 109,214 | - |
| Vehicles and equipment | 8,272,604 | 12,262,676 | 1,529,295 | 22,064,575 | 47,450 |
| Construction in progress | 5,317,239 | - | - | 5,317,239 | - |
| Intangible | 27,810 | 58,645 | - | 86,455 | - |
| Accumulated depreciation and amortization | (29,689,716) | (13,050,465) | (2,569,107) | (45,309,288) | (47,450) |
| Total capital assets (net of accumulated depreciation and amortization) | <u>75,133,273</u> | <u>20,361,613</u> | <u>3,177,988</u> | <u>98,672,874</u> | <u>-</u> |
| Total assets | <u>94,009,391</u> | <u>40,129,089</u> | <u>3,604,029</u> | <u>137,742,509</u> | <u>2,508,297</u> |
| Deferred outflows of resources | | | | | |
| Deferred outflows of resources-deferred charge on refunding | 22,977 | - | - | 22,977 | - |
| Total deferred outflows of resources | <u>22,977</u> | <u>-</u> | <u>-</u> | <u>22,977</u> | <u>-</u> |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 1,732,553 | 661,242 | 65,294 | 2,459,089 | 142,135 |
| Accrued liabilities | 323,212 | 85,759 | 53,528 | 462,499 | - |
| Current portion of long-term debt | | | | | |
| Interfund loan | - | - | 35,389 | 35,389 | - |
| Compensated absences | 41,148 | 49,726 | 4,877 | 95,751 | 8,702 |
| Revenue bonds | 2,790,000 | - | - | 2,790,000 | - |
| Total current liabilities | <u>4,886,913</u> | <u>796,727</u> | <u>159,088</u> | <u>5,842,728</u> | <u>150,837</u> |
| Noncurrent liabilities: | | | | | |
| Interfund loan | - | - | 26,892 | 26,892 | - |
| Compensated absences | 36,673 | 85,590 | 11,278 | 133,541 | 35,289 |
| Revenue bonds | 45,447,837 | - | - | 45,447,837 | - |
| Total noncurrent liabilities | <u>45,484,510</u> | <u>85,590</u> | <u>38,170</u> | <u>45,608,270</u> | <u>35,289</u> |
| Total liabilities | <u>50,371,423</u> | <u>882,317</u> | <u>197,258</u> | <u>51,450,998</u> | <u>186,126</u> |
| Net Position | | | | | |
| Net investment in capital assets | 35,349,711 | 20,361,613 | 3,177,988 | 58,889,312 | - |
| Restricted for: | | | | | |
| Debt service | 5,087,768 | - | - | 5,087,768 | - |
| Capital projects | 16,100 | - | - | 16,100 | - |
| Unrestricted | 3,207,366 | 18,885,159 | 228,783 | 22,321,308 | 2,322,171 |
| Total net position | <u>\$ 43,660,945</u> | <u>\$ 39,246,772</u> | <u>\$ 3,406,771</u> | <u>\$ 86,314,488</u> | <u>\$ 2,322,171</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, 2014

TOTAL NET POSITION - PROPRIETARY FUNDS \$ 86,314,488

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. (36,756)

Total net position - business-type activities \$ 86,277,732

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, 2014

| | 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 | \$ 13,171,473 | \$ 3,895,008 | \$ 1,056,248 | \$ 18,122,729 | \$ 3,129,998 |
| Miscellaneous | - | - | 332,539 | 332,539 | - |
| Total operating revenues | <u>13,171,473</u> | <u>3,895,008</u> | <u>1,388,787</u> | <u>18,455,268</u> | <u>3,129,998</u> |
| Operating expenses | | | | | |
| Salaries and benefits | 2,069,328 | 4,496,723 | 678,265 | 7,244,316 | 670,854 |
| Supplies, maintenance and services | 3,914,470 | 2,665,528 | 374,473 | 6,954,471 | 1,469,201 |
| Energy and utilities | 910,759 | 1,030,398 | 62,458 | 2,003,615 | 1,118,664 |
| Depreciation and amortization | 2,622,360 | 1,493,870 | 247,386 | 4,363,616 | - |
| Total operating expenses | <u>9,516,917</u> | <u>9,686,519</u> | <u>1,362,582</u> | <u>20,566,018</u> | <u>3,258,719</u> |
| Operating income (loss) | <u>3,654,556</u> | <u>(5,791,511)</u> | <u>26,205</u> | <u>(2,110,750)</u> | <u>(128,721)</u> |
| Nonoperating revenues (expenses) | | | | | |
| Intergovernmental | - | 1,649,174 | - | 1,649,174 | - |
| Transit and resort sales tax | - | 4,019,133 | - | 4,019,133 | - |
| Investment income | 254,383 | 101,519 | 2,633 | 358,535 | - |
| Interest expense | (1,414,483) | - | (1,218) | (1,415,701) | - |
| Bond issuance costs | (93,218) | - | - | (93,218) | - |
| Miscellaneous | 165,206 | - | - | 165,206 | - |
| Total nonoperating revenues (expenses) | <u>(1,088,112)</u> | <u>5,769,826</u> | <u>1,415</u> | <u>4,683,129</u> | <u>-</u> |
| Income (loss) before contributions and transfers | 2,566,444 | (21,685) | 27,620 | 2,572,379 | (128,721) |
| Capital contributions | 1,711,058 | 1,631,514 | 11,000 | 3,353,572 | - |
| Transfers in | - | - | 25,000 | 25,000 | - |
| Transfers out | (633,119) | (588,742) | (98,980) | (1,320,841) | - |
| Change in net position | <u>3,644,383</u> | <u>1,021,087</u> | <u>(35,360)</u> | <u>4,630,110</u> | <u>(128,721)</u> |
| Net position - beginning | 40,016,562 | 38,225,685 | 3,442,131 | 81,684,378 | 2,450,892 |
| Net position - ending | <u>\$ 43,660,945</u> | <u>\$ 39,246,772</u> | <u>\$ 3,406,771</u> | <u>\$ 86,314,488</u> | <u>\$ 2,322,171</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, 2014

| | |
|---|-----------------------------------|
| CHANGE IN NET POSITION - PROPRIETARY FUNDS | \$ 4,630,110 |
| 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 loss of (\$128,721) plus amount allocated to governmental activities of \$91,965 and reversal of prior year allocation of \$91,768. | <u>(128,524)</u> |
| Change in net position of business-type activities | <u><u>\$ 4,501,586</u></u> |

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, 2014

| | <u>Business-type Activities-Enterprise Funds</u> | | | | Governmental Activities- Internal Service Funds |
|--|--|--|---------------------------------|---------------------------------------|--|
| | <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 | \$ 13,218,066 | \$ 4,410,899 | \$ 1,385,687 | \$ 19,014,652 | \$ 3,113,903 |
| Payments to suppliers | (3,808,529) | (3,188,271) | (442,824) | (7,439,624) | (2,679,045) |
| Payments to employees | (2,067,858) | (4,493,642) | (669,827) | (7,231,327) | (669,861) |
| Net cash provided by (used in) operating activities | <u>7,341,679</u> | <u>(3,271,014)</u> | <u>273,036</u> | <u>4,343,701</u> | <u>(235,003)</u> |
| Cash flows from noncapital financing activities | | | | | |
| Transfers from other funds | - | - | 25,000 | 25,000 | - |
| Transfers to other funds | (633,119) | (588,742) | (98,980) | (1,320,841) | - |
| Transit and resort sales tax | - | 4,030,333 | - | 4,030,333 | - |
| Intergovernmental operating grants | - | 1,649,174 | - | 1,649,174 | - |
| Net cash provided by (used in) noncapital financing activities | <u>(633,119)</u> | <u>5,090,765</u> | <u>(73,980)</u> | <u>4,383,666</u> | <u>-</u> |
| Cash flows from capital and related financing activities | | | | | |
| Net proceeds and premiums from capital debt | 4,338,987 | - | - | 4,338,987 | - |
| Intergovernmental capital grants | - | 1,485,929 | - | 1,485,929 | - |
| Impact fees, contributions and grants | 1,225,961 | 337,868 | 11,000 | 1,574,829 | - |
| Acquisition and construction of capital assets | (5,682,237) | (1,743,911) | (48,747) | (7,474,895) | - |
| Principal paid on capital debt and interfund loan | (2,710,000) | - | (34,862) | (2,744,862) | - |
| Interest paid on capital debt and interfund loan | (1,653,089) | - | (1,218) | (1,654,307) | - |
| Bond issuance costs paid on capital debt | (77,118) | - | - | (77,118) | - |
| Federal subsidy on capital debt | 165,206 | - | - | 165,206 | - |
| Net cash provided by (used in) capital and related financing activities | <u>(4,392,290)</u> | <u>79,886</u> | <u>(73,827)</u> | <u>(4,386,231)</u> | <u>-</u> |
| Cash flows from investing activities | | | | | |
| Interest received on investments | 98,516 | 98,951 | 2,587 | 200,054 | - |
| Net cash provided by investing activities | <u>98,516</u> | <u>98,951</u> | <u>2,587</u> | <u>200,054</u> | <u>-</u> |
| Net increase (decrease) in cash, cash equivalents | 2,414,786 | 1,998,588 | 127,816 | 4,541,190 | (235,003) |
| Balances—beginning of the year | 13,434,962 | 17,076,385 | 228,475 | 30,739,822 | 2,182,469 |
| Balances—end of the year | <u>\$ 15,849,748</u> | <u>\$ 19,074,973</u> | <u>\$ 356,291</u> | <u>\$ 35,281,012</u> | <u>\$ 1,947,466</u> |
| Reconciliation to statement of net assets: | | | | | |
| Cash, cash equivalents | \$ 10,745,880 | \$ 19,074,973 | \$ 356,291 | \$ 30,177,144 | \$ 1,947,466 |
| Cash, cash equivalents held by fiscal agent | 5,103,868 | - | - | 5,103,868 | - |
| Total cash, cash equivalents | <u>\$ 15,849,748</u> | <u>\$ 19,074,973</u> | <u>\$ 356,291</u> | <u>\$ 35,281,012</u> | <u>\$ 1,947,466</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Operating income (loss) | \$ 3,654,556 | \$ (5,791,511) | \$ 26,205 | \$ (2,110,750) | \$ (128,721) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation and amortization expense | 2,622,360 | 1,493,870 | 247,386 | 4,363,616 | - |
| Change in assets and liabilities: | | | | | |
| Receivables, net | 46,593 | 515,891 | (3,100) | 559,384 | (16,095) |
| Inventories | 144,348 | - | (11,804) | 132,544 | (132,199) |
| Accounts and other payables | 865,588 | 492,429 | 481 | 1,358,498 | 38,574 |
| Accrued expenses | 8,234 | 18,307 | 13,868 | 40,409 | 3,438 |
| Net cash provided by (used in) operating activities | <u>\$ 7,341,679</u> | <u>\$ (3,271,014)</u> | <u>\$ 273,036</u> | <u>\$ 4,343,701</u> | <u>\$ (235,003)</u> |

Noncash investing, capital and financing activities:

Included in investment income is an increase of \$152,012 in fair value for the year ended June 30, 2014.

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, 2014

| | PARK CITY AGENCY FUND |
|---|--------------------------------------|
| ASSETS | |
| Cash, cash equivalents and investments | \$ 2,049,616 |
| Total assets | \$ 2,049,616 |
| LIABILITIES | |
| Deposits payable | \$ 2,049,616 |
| Total liabilities | \$ 2,049,616 |

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, 2014

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. Component units are entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The following entities are treated as blended component units: 1) The Park City Redevelopment Agency (RDA); 2) The Park City Municipal Building Authority (MBA); 3) The Park City Housing Authority (HA); and 4) The Park City Water Service District. All of these entities serve the citizens of Park City and are governed by Park City's elected City Council. The bond issuance authorization for these entities is approved by the City Council.

It should be noted that the RDA currently has two capital projects funds. The MBA currently has a capital projects fund.

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*.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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 Lower Park Avenue Redevelopment Agency Capital Projects Fund accounts for the acquisition or construction of major capital facilities in the Lower Park Avenue Redevelopment area.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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:

Internal Service Funds are used to account for the central financing of goods or services provided to various departments of the City or other governments on a cost-reimbursement basis. The City currently has two internal service funds. The fleet services fund provides vehicle storage, repair and maintenance. The self-insurance fund was established to allow the City to supplement its regular insurance coverage as further explained in Note K – Risk Management on page 72 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 51-54 of this report). The City complies with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires certain investments to be reported at fair value and the change in fair value to be included in revenues or expenses. The City's policy is to report all investments at fair value. 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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets - Capital assets, which include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government included all assets with acquisition dates as far back as June 30, 1980. Most of the City’s infrastructure assets were valued at historical cost (when available) or estimated historical cost through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Donated capital assets 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 \$156,697. The total interest income earned on invested bond proceeds was \$2,339. The net amount of \$154,358 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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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, 2014 for governmental activities were \$424,134 and \$2,022,837 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.

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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports the deferred charge (\$22,977) 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 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 so will not be recognized as an inflow of resources (revenue) until that time. The City reports property taxes of \$17,437,568 as a deferred inflow of resources since they are recognized as receivables before the period for which the taxes are levied. These amounts are reported on the government-wide statement of net position and the governmental funds balance sheet.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Fund Balance – Fund balances presented in the governmental fund financial statements represent the difference between assets and liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The City evaluated each of its funds at June 30, 2014 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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 “construction fund” account with a balance at June 30, 2014 of \$16,100 is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The “reserve fund” account with a balance at June 30, 2014 of \$5,087,768 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

Proceeds of the City’s 2004 and 2013A Series General Obligation Bonds in the amount of \$6,473,764 are classified as restricted assets as well as impact fees of \$393,071. 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, 2014 of \$952 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, 2014

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 \$141,331 under the guidelines described above. The supplemental budgetary appropriation was for increased cost of maintenance on City property.

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 year end. Major capital project fund budgets included \$28,603,206 and non-major capital project fund budgets included \$3,737,762 for a total of \$32,340,968 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 March 2012 the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City decided to early implement this Statement since it is significantly linked to GASB Statement No. 63. The City adopted this Statement in fiscal year 2013.

In March 2012 the GASB issued Statement No. 66, *Technical Correction-2012*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective beginning in fiscal year 2014. This Statement has no effect on the City's financial statements.

In June 2012 the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of this Statement are effective beginning in fiscal year 2015. Management has not yet determined the impact of this statement on the financial statements.

In January 2013 the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement provides guidance on accounting and reporting for state and local government mergers, acquisitions and transfers or disposals of operations. The provisions of this Statement are effective beginning in fiscal year 2015.

In April 2013 the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement provides guidance on accounting and reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this Statement are effective beginning in fiscal year 2014. This Statement has no effect on the City’s financial statements.

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Each fund type’s portion of this pool is displayed on the basic financial statements as “cash, cash equivalents and investments”. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with 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, 2014:

| | 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 | \$ 43,363,073 | \$ 30,177,144 | \$ 73,540,217 | \$ 2,049,616 | \$ 75,589,833 |
| Held by city-restricted | 6,866,835 | - | 6,866,835 | - | 6,866,835 |
| Total held by city | <u>\$ 50,229,908</u> | <u>\$ 30,177,144</u> | <u>\$ 80,407,052</u> | <u>\$ 2,049,616</u> | <u>\$ 82,456,668</u> |
| Held by fiscal agent | <u>\$ 952</u> | <u>\$ 5,103,868</u> | <u>\$ 5,104,820</u> | <u>\$ -</u> | <u>\$ 5,104,820</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

As of June 30, 2014, the City had the following deposits and investments, including \$2,049,616 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 | \$ 350,243 | \$ - | \$ 350,243 |
| Federal Home Loan Mortgage Corporation | 2,004,224 | - | 2,004,224 |
| Federal Home Loan Bank | 1,100,430 | - | 1,100,430 |
| Federal Farm Credit Bank | 300,229 | - | 300,229 |
| Corporate Bonds | 696,309 | 255,552 | 440,757 |
| | <u>4,451,435</u> | <u>\$ 255,552</u> | <u>\$ 4,195,883</u> |

Other investments

| | | |
|-----------------------------------|-------------------|----------------------|
| State treasurer's investment pool | 76,684,031 | <u>\$ 76,684,031</u> |
| Total investments | <u>81,135,466</u> | |

Deposits

| | |
|--|-------------------|
| Cash deposits checking-net of outstanding checks | 600,486 |
| Cash deposits money market/savings | 714,196 |
| Cash on hand | 6,520 |
| Total deposits | <u>1,321,202</u> |
| Total cash, cash equivalents and investments held by city | <u>82,456,668</u> |

Held by fiscal agent:

| | |
|--|----------------------|
| State treasurer's investment pool | 5,104,820 |
| Total cash, cash equivalents and investments | <u>\$ 87,561,488</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, 2014

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, 2014, the City's deposits had a carrying value of \$600,486 and a bank balance of \$2,098,928. 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.

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 \$4,451,435 at June 30, 2014, 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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

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.

The City's rated debt investments as of June 30, 2014, are shown in the table below using Standard and Poor's rating scale:

| <u>Primary government:</u> | <u>Value</u> | <u>AA</u> | <u>A</u> |
|--|--------------|------------|----------|
| Debt securities | | | |
| Federal National Mortgage Association | \$ 350,243 | \$ 350,243 | \$ - |
| Federal Home Loan Mortgage Corporation | 2,004,224 | 2,004,224 | - |
| Federal Home Loan Bank | 1,100,430 | 1,100,430 | - |
| Federal Farm Credit Bank | 300,229 | 300,229 | - |
| Corporate Bonds | 696,309 | - | 696,309 |

The Utah State Treasurer's Investment Pool is not rated. 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.

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 exceeds this limit.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE C – NOTES RECEIVABLE

Notes receivable of the governmental fund types at June 30, 2014 include various sale of assets, affordable housing and employee mortgage assistance loans with interest rates ranging from 0% to 5.00%. The following is a schedule of future principal and interest payments required under the terms of the notes receivable as of June 30, 2014:

| <u>Fiscal year ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------|---------------------|------------------|---------------------|
| 2015 | \$ 1,501,252 | \$ 3,674 | \$ 1,504,926 |
| 2016 | 6,680 | 3,418 | 10,098 |
| 2017 | 6,011 | 3,056 | 9,067 |
| 2018 | 7,322 | 2,895 | 10,217 |
| 2019 | 7,825 | 2,616 | 10,441 |
| 2020 - 2029 | 49,251 | 10,618 | 59,869 |
| Total | <u>\$ 1,578,341</u> | <u>\$ 26,277</u> | <u>\$ 1,604,618</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

| | Balance July 1, 2013 | Additions | Deletions | Balance June 30, 2014 |
|--|-------------------------|---------------------|-----------------------|--------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and water rights | \$ 98,000,047 | \$ 3,650,000 | \$ - | \$ 101,650,047 |
| Construction in progress | 1,533,870 | 3,341,832 | (1,401,863) | 3,473,839 |
| Art | 584,356 | 17,000 | - | 601,356 |
| Total capital assets, not being depreciated | <u>100,118,273</u> | <u>7,008,832</u> | <u>(1,401,863)</u> | <u>105,725,242</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 37,083,366 | - | - | 37,083,366 |
| Improvements other than building | 33,511,709 | 1,858,668 | - | 35,370,377 |
| Vehicles and equipment | 10,211,295 | 589,959 | (512,942) | 10,288,312 |
| Infrastructure | 104,080,620 | 3,279,470 | - | 107,360,090 |
| Intangibles | 5,696,018 | - | - | 5,696,018 |
| Total capital assets, being depreciated | <u>190,583,008</u> | <u>5,728,097</u> | <u>(512,942)</u> | <u>195,798,163</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (8,878,917) | (1,159,899) | - | (10,038,816) |
| Improvements other than building | (15,739,888) | (1,064,892) | - | (16,804,780) |
| Vehicles and equipment | (6,281,954) | (861,577) | 383,766 | (6,759,765) |
| Infrastructure | (77,734,198) | (2,843,296) | - | (80,577,494) |
| Intangibles | (223,446) | (40,298) | - | (263,744) |
| Total accumulated depreciation | <u>(108,858,403)</u> | <u>(5,969,962)</u> | <u>383,766</u> | <u>(114,444,599)</u> |
| Total capital assets, being depreciated, net | <u>81,724,605</u> | <u>(241,865)</u> | <u>(129,176)</u> | <u>81,353,564</u> |
| Governmental activities capital assets, net | <u>\$ 181,842,878</u> | <u>\$ 6,766,967</u> | <u>\$ (1,531,039)</u> | <u>\$ 187,078,806</u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and water rights | \$ 20,270,189 | \$ - | \$ - | \$ 20,270,189 |
| Construction in progress | 3,480,462 | 2,909,474 | (1,072,697) | 5,317,239 |
| Art | 109,214 | - | - | 109,214 |
| Total capital assets, not being depreciated | <u>23,859,865</u> | <u>2,909,474</u> | <u>(1,072,697)</u> | <u>25,696,642</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 16,185,762 | 1,150,987 | - | 17,336,749 |
| Improvements other than building | 74,731,977 | 4,065,764 | - | 78,797,741 |
| Vehicles and equipment | 21,421,619 | 664,106 | (21,150) | 22,064,575 |
| Intangibles | 27,810 | 58,645 | - | 86,455 |
| Total capital assets, being depreciated | <u>112,367,168</u> | <u>5,939,502</u> | <u>(21,150)</u> | <u>118,285,520</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (4,460,075) | (520,783) | - | (4,980,858) |
| Improvements other than building | (28,074,250) | (2,235,082) | - | (30,309,332) |
| Vehicles and equipment | (8,430,179) | (1,598,279) | 21,150 | (10,007,308) |
| Intangibles | (2,318) | (9,472) | - | (11,790) |
| Total accumulated depreciation | <u>(40,966,822)</u> | <u>(4,363,616)</u> | <u>21,150</u> | <u>(45,309,288)</u> |
| Total capital assets, being depreciated, net | <u>71,400,346</u> | <u>1,575,886</u> | <u>-</u> | <u>72,976,232</u> |
| Business-type activities capital assets, net | <u>\$ 95,260,211</u> | <u>\$ 4,485,360</u> | <u>\$ (1,072,697)</u> | <u>\$ 98,672,874</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE D – CAPITAL ASSETS, Continued

Depreciation expense was charged to functions for the year ended June 30, 2014 as follows:

Governmental activities:

| | |
|--|---------------------|
| General government | \$ 2,174,359 |
| Public safety | 334,645 |
| Public works | 2,416,637 |
| Library and recreation | 1,044,321 |
| Total governmental activities depreciation expense | <u>\$ 5,969,962</u> |

Business-type activities:

| | |
|---|---------------------|
| Water | \$ 2,622,360 |
| Transportation and parking | 1,493,870 |
| Golf course | 247,386 |
| Total business-type activities depreciation expense | <u>\$ 4,363,616</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE E – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2014:

| | Beginning Balance July 1, 2013 | Additions | Reductions | Amortization | Ending Balance June 30, 2014 | Due Within One Year |
|----------------------------------|--------------------------------------|---------------------|-----------------------|---------------------|---------------------------------|------------------------|
| Governmental activities: | | | | | | |
| Contracts payable | \$ 2,760,053 | \$ - | \$ (80,496) | \$ - | \$ 2,679,557 | \$ 2,586,533 |
| General obligation bonds: | | | | | | |
| 2003 series | 1,930,000 | - | (1,930,000) | - | - | - |
| 2004 series-principal | 4,170,000 | - | (630,000) | - | 3,540,000 | 655,000 |
| 2004 series-premium | 46,055 | - | - | (7,882) | 38,173 | - |
| 2008 series-principal | 7,805,000 | - | (585,000) | - | 7,220,000 | 605,000 |
| 2008 series-premium/discount | 41,314 | - | - | (3,810) | 37,504 | - |
| 2009 series-principal | 9,530,000 | - | (1,080,000) | - | 8,450,000 | 730,000 |
| 2009 series-premium/discount | 136,240 | - | - | (12,561) | 123,679 | - |
| 2010A series-principal | 1,020,000 | - | (505,000) | - | 515,000 | 515,000 |
| 2010A series-premium | 22,008 | - | - | (11,971) | 10,037 | - |
| 2010B series-principal | 4,930,000 | - | (360,000) | - | 4,570,000 | 365,000 |
| 2010B series-premium | 70,809 | - | - | (5,977) | 64,832 | - |
| 2013A series-principal | - | 7,170,000 | (405,000) | - | 6,765,000 | 405,000 |
| 2013A series-premium | - | 92,774 | - | (5,297) | 87,477 | - |
| 2013B series-principal | - | 1,930,000 | (375,000) | - | 1,555,000 | 380,000 |
| 2013B series-premium | - | 50,769 | - | (9,101) | 41,668 | - |
| Total general obligation bonds | <u>29,701,426</u> | <u>9,243,543</u> | <u>(5,870,000)</u> | <u>(56,599)</u> | <u>33,018,370</u> | <u>3,655,000</u> |
| Revenue bonds: | | | | | | |
| Sales tax revenue bonds | | | | | | |
| 2005A series-principal | 8,030,000 | - | (900,000) | - | 7,130,000 | 935,000 |
| 2005A series-premium | 12,553 | - | - | (1,575) | 10,978 | - |
| 2010 refunding-principal | 935,000 | - | (300,000) | - | 635,000 | 315,000 |
| 2010 refunding-premium | 16,475 | - | - | (6,689) | 9,786 | - |
| Total revenue bonds | <u>8,994,028</u> | <u>-</u> | <u>(1,200,000)</u> | <u>(8,264)</u> | <u>7,785,764</u> | <u>1,250,000</u> |
| Compensated absences | <u>603,662</u> | <u>555,623</u> | <u>(505,560)</u> | <u>-</u> | <u>653,725</u> | <u>296,045</u> |
| Total governmental activities | <u>\$ 42,059,169</u> | <u>\$ 9,799,166</u> | <u>\$ (7,656,056)</u> | <u>\$ (64,863)</u> | <u>\$ 44,137,416</u> | <u>\$ 7,787,578</u> |
| Business-type activities: | | | | | | |
| 2009A water revenue | \$ 2,125,000 | \$ - | \$ (125,000) | \$ - | \$ 2,000,000 | \$ 125,000 |
| 2009B water revenue refunding | 9,740,000 | - | (1,470,000) | - | 8,270,000 | 1,525,000 |
| 2009B water revenue-premium | 912,411 | - | - | (152,977) | 759,434 | - |
| 2009C water revenue | 10,135,000 | - | - | - | 10,135,000 | - |
| 2010 water revenue | 10,290,000 | - | (680,000) | - | 9,610,000 | 700,000 |
| 2010 water revenue-premium | 684,895 | - | - | (59,705) | 625,190 | - |
| 2012 water revenue | 3,950,000 | - | (220,000) | - | 3,730,000 | 230,000 |
| 2012 water revenue-premium | 290,688 | - | - | (20,812) | 269,876 | - |
| 2012B water revenue | 5,525,000 | - | - | - | 5,525,000 | - |
| 2012B water revenue-premium | 119,293 | - | - | (8,245) | 111,048 | - |
| 2013A&B water revenue | 3,045,000 | - | (215,000) | - | 2,830,000 | 210,000 |
| 2013A&B water revenue-premium | 36,485 | - | - | (2,926) | 33,559 | - |
| 2014 water revenue | - | 4,115,000 | - | - | 4,115,000 | - |
| 2014 water revenue-premium | - | 223,986 | - | (256) | 223,730 | - |
| Compensated absences | <u>201,871</u> | <u>176,535</u> | <u>(149,114)</u> | <u>-</u> | <u>229,292</u> | <u>95,751</u> |
| Total business-type activities | <u>\$ 47,055,643</u> | <u>\$ 4,515,521</u> | <u>\$ (2,859,114)</u> | <u>\$ (244,921)</u> | <u>\$ 48,467,129</u> | <u>\$ 2,885,751</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE E – LONG-TERM OBLIGATIONS, Continued

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 year-end \$43,991 of internal service fund compensated absences are included in the above amounts. Also, for the governmental activities compensated absences are liquidated by the general fund.

The City has complied with all revenue bond covenants.

General Obligation Bonds

On July 22, 2004, Park City Municipal Corporation issued General Obligation Bonds, Series 2004 in the amount of \$9,000,000 plus a premium of \$116,518. Pursuant to a special bond election held on November 5, 2002, approximately \$5.0 million of the bond proceeds were used to acquire and preserve undeveloped park and recreational land. Pursuant to a special bond election held on November 6, 2001, approximately \$4.0 million of the bond proceeds were used to construct an ice facility and make park improvements. 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, 2014 were as follows:

| Fiscal Year Ending June 30, | Series 2004 Dated July 22, 2004 \$9,000,000 @ 3.125% to 4.20% per annum paid semi- annually (Nov. & May) | |
|-----------------------------------|--|------------|
| | PRINCIPAL | INTEREST |
| 2015 | \$ 655,000 | \$ 144,049 |
| 2016 | 680,000 | 117,849 |
| 2017 | 705,000 | 90,649 |
| 2018 | 735,000 | 62,449 |
| 2019 | 765,000 | 32,130 |
| Total | 3,540,000 | 447,126 |
| Plus unamortized premium | 38,173 | - |
| Total | \$ 3,578,173 | \$ 447,126 |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

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, 2014 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 |
| | 2015 | \$ 605,000 | \$ 298,444 | \$ 730,000 |
| 2016 | 625,000 | 275,000 | 750,000 | 272,560 |
| 2017 | 645,000 | 250,000 | 775,000 | 250,060 |
| 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 | 7,220,000 | 1,779,106 | 8,450,000 | 1,788,392 |
| Plus unamortized premium/discount | 37,504 | - | 123,679 | - |
| Total | <u>\$ 7,257,504</u> | <u>\$ 1,779,106</u> | <u>\$ 8,573,679</u> | <u>\$ 1,788,392</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

On April 30, 2010, the City issued General Obligation Bonds Series 2010A in the par amount of \$2,025,000, a premium of \$59,922 and issuance costs of \$27,288. The proceeds of the bonds were used to advance refund \$1,965,000 principal of the City's General Obligation Bonds Series 2000.

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, 2014 were as follows:

| Fiscal Year Ending June 30, | Series 2010A Dated April 30, 2010 \$2,025,000 @ 2.00% to 3.00% per annum paid semi- annually (Nov. & May) | | Series 2010B Dated April 30, 2010 \$6,000,000 @ 1.10% to 5.25% per annum paid semi- annually (Nov. & May) | |
|--------------------------------------|---|------------------|---|---------------------|
| | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST |
| | 2015 | \$ 515,000 | \$ 11,588 | \$ 365,000 |
| 2016 | - | - | 370,000 | 191,380 |
| 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 | 515,000 | 11,588 | 4,570,000 | 1,368,150 |
| Plus unamortized premium/discount | 10,037 | - | 64,832 | - |
| Total | <u>\$ 525,037</u> | <u>\$ 11,588</u> | <u>\$ 4,634,832</u> | <u>\$ 1,368,150</u> |

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

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, 2014

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

The debt service requirements for the bonds at June 30, 2014 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) | |
|--------------------------------------|--|---------------------|---|------------------|
| | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST |
| 2015 | \$ 405,000 | \$ 171,713 | \$ 380,000 | \$ 31,100 |
| 2016 | 415,000 | 163,613 | 385,000 | 23,500 |
| 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 | 6,765,000 | 1,497,875 | 1,555,000 | 78,400 |
| Plus unamortized premium/discount | 87,477 | - | 41,668 | - |
| Total | <u>\$ 6,852,477</u> | <u>\$ 1,497,875</u> | <u>\$ 1,596,668</u> | <u>\$ 78,400</u> |

Redevelopment Agency Capital Projects Funds and Bonds

The City maintains capital project funds for the Main Street Redevelopment Agency and the Lower Park Avenue Redevelopment Agency. For the fiscal year ended June 30, 2014 the tax increment collected by the Main Street Redevelopment Agency was \$1,263,060 and the tax increment collected by the Lower Park Avenue Redevelopment Agency was \$2,203,448. The tax increment paid to another taxing agency by the Main Street Redevelopment Agency and by the Lower Park Avenue Redevelopment Agency was \$281,491 and \$525,297, respectively.

During the fiscal year, the Main Street Redevelopment Agency expended \$2,384 for site improvements and incurred \$1,349 in administrative costs. The Lower Park Avenue Redevelopment Agency expended \$3,065,769 for site improvements and incurred \$24,801 in administrative costs.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE E – LONG-TERM OBLIGATIONS, Continued

Other Debt

On December 30, 1996, the City purchased open space property. The City executed a contract payable to the seller with interest at 7.50 percent per annum, payable \$100,000 per year on December 15. On April 29, 2013, the City purchased open space property. The City executed a contract payable to the seller for \$2,500,000 with interest at zero percent per annum, payable November 1, 2014. The debt service requirements for the contracts payable at June 30, 2014 were as follows:

| Fiscal Year Ending | | |
|--------------------|---------------------|------------------|
| June 30, | PRINCIPAL | INTEREST |
| 2015 | \$ 2,586,533 | \$ 13,467 |
| 2016 | 93,024 | 6,976 |
| Total | <u>\$ 2,679,557</u> | <u>\$ 20,443</u> |

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, 2014 were as follows:

| Fiscal Year Ending | | |
|--------------------------|---------------------|---------------------|
| June 30, | PRINCIPAL | INTEREST |
| 2015 | \$ 1,525,000 | \$ 382,500 |
| 2016 | 1,575,000 | 321,500 |
| 2017 | 1,640,000 | 258,500 |
| 2018 | 1,720,000 | 176,500 |
| 2019 | 1,810,000 | 90,500 |
| Total | <u>8,270,000</u> | <u>1,229,500</u> |
| Plus unamortized premium | 759,434 | - |
| Total | <u>\$ 9,029,434</u> | <u>\$ 1,229,500</u> |

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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Refunding Bonds, Continued

The debt service requirements for the water refunding bonds at June 30, 2014 were as follows:

| Fiscal Year Ending June 30, | PRINCIPAL | INTEREST |
|--------------------------------|---------------------|---------------------|
| 2015 | \$ - | \$ 124,312 |
| 2016 | - | 124,313 |
| 2017 | - | 124,312 |
| 2018 | - | 124,313 |
| 2019 | - | 124,312 |
| 2020 | - | 124,313 |
| 2021 | - | 124,312 |
| 2022 | - | 124,313 |
| 2023 | - | 124,312 |
| 2024 | - | 124,313 |
| 2025 | - | 124,312 |
| 2026 | - | 124,313 |
| 2027 | 2,525,000 | 95,906 |
| 2028 | 3,000,000 | 33,750 |
| Total | 5,525,000 | 1,621,406 |
| Plus unamortized premium | 111,048 | - |
| Total | <u>\$ 5,636,048</u> | <u>\$ 1,621,406</u> |

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, 2014 were as follows:

| Fiscal Year Ending June 30, | PRINCIPAL | INTEREST |
|--------------------------------|---------------------|-------------------|
| 2015 | \$ 210,000 | \$ 54,500 |
| 2016 | 215,000 | 50,250 |
| 2017 | 215,000 | 45,950 |
| 2018 | 225,000 | 41,550 |
| 2019 | 230,000 | 37,000 |
| 2020 | 235,000 | 32,350 |
| 2021 | 240,000 | 27,600 |
| 2022 | 245,000 | 22,750 |
| 2023 | 245,000 | 17,850 |
| 2024 | 250,000 | 12,900 |
| 2025 | 255,000 | 7,850 |
| 2026 | 265,000 | 2,650 |
| Total | 2,830,000 | 353,200 |
| Plus unamortized premium | 33,559 | - |
| Total | <u>\$ 2,863,559</u> | <u>\$ 353,200</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

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.

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, 2014 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 |
| | 2015 | \$ - | \$ 508,638 | \$ 700,000 |
| 2016 | - | 508,638 | 725,000 | 366,750 |
| 2017 | - | 508,638 | 755,000 | 337,150 |
| 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 | 4,128,895 | 9,610,000 | 2,385,825 |
| Plus unamortized premium | - | - | 625,190 | - |
| Total | \$ 10,135,000 | \$ 4,128,895 | \$ 10,235,190 | \$ 2,385,825 |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

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, 2014 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% | |
|--------------------------------|---|-------------------|---|---------------------|
| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> |
| 2015 | \$ 230,000 | \$ 108,150 | \$ - | \$ 130,394 |
| 2016 | 240,000 | 103,550 | - | 133,737 |
| 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 | <u>3,730,000</u> | <u>865,400</u> | <u>4,115,000</u> | <u>1,525,132</u> |
| Plus unamortized premium | 269,876 | - | 223,730 | - |
| Total | <u>\$ 3,999,876</u> | <u>\$ 865,400</u> | <u>\$ 4,338,730</u> | <u>\$ 1,525,132</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE E – LONG-TERM OBLIGATIONS, Continued

Sales Tax Revenue and Refunding Bonds

On May 9, 2005, the City issued Sales Tax Revenue Bonds, Series 2005A in the amount of \$15,500,000 plus a premium of \$25,377 and Sales Tax Revenue and Refunding Bonds, Series 2005B in the amount of \$4,500,000 plus a premium of \$32,080. The proceeds from the sale of the Series 2005A Bonds were used for the purpose of financing the cost associated with the acquisition, construction, and equipping of a public safety building, recreation complex, parking structure expansion and improvements, park improvements, road improvements and other City-owned capital improvements and paying the costs of issuance of the Series 2005 Bonds. The proceeds from the Series 2005B Bonds were used to refund the MBA Series 1996 and 1999 Revenue Bonds.

On December 8, 2010, the City issued Sales Tax Revenue Refunding Bonds, Series 2010 in the amount of \$1,525,000 plus a premium of \$33,592. The proceeds from the Series 2010 Bonds were used to refund the Lower Park Avenue Redevelopment Agency Tax Increment Revenue Bonds, Series 1998.

The Series 2005 and 2010 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) 75 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 113 of this report.

The debt service requirements for the bonds at June 30, 2014 were as follows:

| Fiscal Year Ending June 30, | Series 2005A, \$15,500,000 @ 3.25% - 5.00% paid semiannually | | Series 2010, \$1,525,000 @ 2.25% -3.00% paid semiannually | |
|-----------------------------------|--|---------------------|---|------------------|
| | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST |
| 2015 | \$ 935,000 | \$ 299,612 | \$ 315,000 | \$ 11,938 |
| 2016 | 985,000 | 252,862 | 320,000 | 4,000 |
| 2017 | 1,020,000 | 213,463 | - | - |
| 2018 | 1,060,000 | 172,663 | - | - |
| 2019 | 1,105,000 | 130,263 | - | - |
| 2020 | 1,150,000 | 86,063 | - | - |
| 2021 | 875,000 | 37,188 | - | - |
| Total | 7,130,000 | 1,192,114 | 635,000 | 15,938 |
| Plus unamortized premium | 10,978 | - | 9,786 | - |
| Total | <u>\$ 7,140,978</u> | <u>\$ 1,192,114</u> | <u>\$ 644,786</u> | <u>\$ 15,938</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE E – LONG-TERM OBLIGATIONS, Continued

The annual debt service requirements for all long-term debt outstanding as of June 30, 2014 by activity are as follows:

| Year ending June 30, | Governmental Activities | | | Business-Type Activities |
|--------------------------------------|-------------------------|-----------------------------|---------------------|-----------------------------|
| | Contracts Payable | General Obligation Bonds | Revenue Bonds | |
| Principal | | | | |
| 2015 | \$ 2,586,533 | \$ 3,655,000 | \$ 1,250,000 | \$ 2,790,000 |
| 2016 | 93,024 | 3,225,000 | 1,305,000 | 2,880,000 |
| 2017 | - | 3,320,000 | 1,020,000 | 2,980,000 |
| 2018 | - | 3,420,000 | 1,060,000 | 3,115,000 |
| 2019 | - | 3,120,000 | 1,105,000 | 3,255,000 |
| 2020-2024 | - | 13,160,000 | 2,025,000 | 18,215,000 |
| 2025-2029 | - | 2,715,000 | - | 12,855,000 |
| 2030 | - | - | - | 125,000 |
| Total | <u>2,679,557</u> | <u>32,615,000</u> | <u>7,765,000</u> | <u>46,215,000</u> |
| Plus unamortized premium/discount | - | 403,370 | 20,764 | 2,022,837 |
| Total | <u>\$ 2,679,557</u> | <u>\$ 33,018,370</u> | <u>\$ 7,785,764</u> | <u>\$ 48,237,837</u> |
| Interest | | | | |
| 2015 | \$ 13,467 | \$ 1,153,867 | \$ 311,550 | \$ 1,696,744 |
| 2016 | 6,976 | 1,043,902 | 256,862 | 1,608,738 |
| 2017 | - | 940,807 | 213,463 | 1,507,037 |
| 2018 | - | 833,007 | 172,663 | 1,380,888 |
| 2019 | - | 717,454 | 253,514 | 1,242,311 |
| 2020-2024 | - | 2,075,716 | - | 4,001,708 |
| 2025-2029 | - | 205,884 | - | 671,932 |
| Total | <u>\$ 20,443</u> | <u>\$ 6,970,637</u> | <u>\$ 1,208,052</u> | <u>\$ 12,109,358</u> |

Defeasance of debt

On August 28, 2013, the City issued \$1,930,000 in General Obligation Bonds Series 2013B with an average interest rate of 2.00 percent. The bond proceeds were used for a current refunding of \$1,930,000 of outstanding General Obligation Bonds Series 2003 with an average interest rate of 3.85 percent. An aggregate amount of \$1,993,026 (representing \$1,930,000 of proceeds together with a premium of \$50,769 and \$12,257 of City funds) currently refunded the General Obligation Bonds Series 2003. In addition, the City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) to the City of approximately \$112,506. The refunding also decreased the City's total debt service payments over the next five years by approximately \$128,140.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE F – RETIREMENT PLANS

Pension Plans

Plan Description - The City participates in the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Tier 2 Hybrid Retirement System, Tier 2 Defined Contribution Retirement System and the Public Safety Retirement System for employers with Social Security coverage (the Plan). These cost-sharing multiple-employer defined benefit and contribution pension plans are administered by the Utah Retirement Systems (the Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

Employees hired after July 1, 2011 are subject to different contributions to their Utah State Retirement System account than employees hired prior to that date. These employees are considered Tier 2 and will be able to choose between two systems. The first is a Tier 2 Hybrid Retirement System which combines a pension and 401(k) plan. The monthly benefit is determined by age, years of service credit, final average monthly salary and a benefit formula. Employees can retire at any age with 35 years of service. The service benefit formula is based on the number of years of service multiplied by one half percent multiplied by the highest five years' earnings converted to an average. The second is a Tier 2 Defined Contribution Retirement System which is a 401(k) only. Contributions made by the City are vested after four years and employee deferrals are vested immediately.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Tier 2 Hybrid Retirement System, Tier 2 Defined Contribution Retirement System, and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy - Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00 percent of their annual covered salary (all paid by the employer for the employee) and the City is required to contribute 13.28 percent of their annual covered salary. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 17.29 percent of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage contributory division members are required to contribute 12.29 percent of their salary (all paid by the employer for the employee) and the City is required to contribute 20.83 percent of their annual salary and 32.14 percent of their annual covered salary for members in the non-contributory division. In the Tier 2 Hybrid Retirement System the City is required to contribute 13.99 percent of their annual salary with 1.59 percent paid by the employer for the employee contributed to a 401(k). In the Tier 2 Defined Contribution Retirement System 15.58 percent is paid by the employer for the employee. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE F – RETIREMENT PLANS, Continued

The City's contributions to the Local Governmental Contributory Retirement System for Tier 1 and Tier 2 Hybrid Retirement System for the years ended June 30, 2014, 2013 and 2012 were \$338,712, \$261,612 and \$208,426, respectively. For the Noncontributory Retirement System the contributions for June 30, 2014, 2013 and 2012 were \$1,573,019, \$1,416,235 and \$1,306,868, respectively. For the Public Safety Retirement System Tier 1 and Tier 2 Hybrid Retirement System for employers with Social Security coverage the contributions for June 30, 2014, 2013 and 2012 were \$499,981, \$458,979, and \$428,171, respectively. For the Tier 2 Defined Contribution Retirement System the contributions for June 30, 2014, 2013 and 2012 were \$37,600, \$17,948, and \$8,358, respectively. Actual contributions for the past three years equaled the required contributions.

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, 2014 was \$17,971,924. Of that amount, \$8,525,712 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, 2014 for employees covered by the State Contributory System retirement plan, 0.50 percent for employees covered by the State Noncontributory System retirement plan, and 17.29 percent under State Statute for a limited number of employees that are exempt from the State plan. During the year ended June 30, 2014 contributions totaling \$151,118 or 1.77 percent of covered payroll were made by the City. Employer contributions are fully vested in one year. All contributions were made by the due dates. The 401(a) defined contribution monies are not available to the City or its general creditors. Therefore, no assets or liabilities of the 401(a) defined contribution plan are reflected in the City's financial statements.

Section 457 deferred compensation plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The City's total payroll in the fiscal year ended June 30, 2014 was \$17,971,924. The City's covered payroll eligible for this plan totaled \$12,636,732 for the year ended June 30, 2014. 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 \$250,056 or 1.98 percent of covered payroll were made by the City and voluntary contributions totaling \$753,296 or 5.96 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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE G - DEFINED CONTRIBUTION PLANS, Continued

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, 2014 are as follows:

| | |
|------------------------|-------------|
| Capital Projects Funds | \$2,734,262 |
| Enterprise Funds | \$2,234,737 |

NOTE I- INTERGOVERNMENTAL REVENUES

Intergovernmental revenues were received by governmental fund types for the year ended June 30, 2014. They consist of the following:

| | |
|---|---------------------|
| State of Utah Class "C" road allotments | \$ 325,541 |
| State contributions | 1,047,013 |
| County contributions | 364,001 |
| Federal contributions | <u>82,267</u> |
| Total | <u>\$ 1,818,822</u> |

NOTE J – INTERFUND LOANS

Due to cash flow needs of the Golf Fund to purchase new golf carts, the sum of \$140,000 was advanced from the Capital Improvements Fund on April 1, 2012. The advance bears interest at 1.5 percent paid monthly for forty-eight months. The annual repayment requirement for the advance at June 30, 2014 was as follows:

| Fiscal Year Ending <u>June 30,</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> |
|---------------------------------------|------------------|-----------------|
| 2015 | \$ 35,389 | \$ 692 |
| 2016 | 26,892 | 168 |
| | <u>\$ 62,281</u> | <u>\$ 860</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE K – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1989, the City established a Self Insurance Fund (an internal service fund) to account for and finance its uninsured risk of loss. Under this program, the Self Insurance Fund provides coverage for up to a maximum of \$100,000 per each occurrence for auto and \$250,000 per each occurrence for general liability 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, 2012 | | \$ | - |
| Incurring claims | | | 93,657 |
| Claim payments | | | 93,657 |
| | | | - |
| Unpaid claims as of June 30, 2013 | | | - |
| Incurring claims | | | 93,821 |
| Claim payments | | | 93,821 |
| | | | - |
| Unpaid claims as of June 30, 2014 | | \$ | - |

NOTE L – BUDGET RECONCILIATION

A reconciliation of the original 2013-2014 budget, to the final legally adopted budget for all governmental fund types net of transfers approved in June 2014 is as follows:

| | | <u>Original Budget</u> | | <u>Increase (Decrease)</u> | | <u>Budget as Revised</u> |
|--------------------------------|----|----------------------------|----|--------------------------------|----|------------------------------|
| General Fund: | | | | | | |
| Revenues | \$ | 25,279,352 | \$ | 1,302,951 | \$ | 26,582,303 |
| Expenditures | | 25,596,288 | | 141,331 | | 25,737,619 |
| Debt Service Funds: | | | | | | |
| Revenues | \$ | 4,643,955 | \$ | 526,984 | \$ | 5,170,939 |
| Expenditures | | 6,234,446 | | 655,431 | | 6,889,877 |
| Capital Projects Funds: | | | | | | |
| Revenues | \$ | 19,447,099 | \$ | 10,624,062 | \$ | 30,071,161 |
| Expenditures | | 28,259,965 | | 36,296,380 | | 64,556,345 |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE M – INTERFUND TRANSFERS

Fund Financial Statements

Transfers were made to and from several funds during the course of the year ended June 30, 2014. 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 \$905,000 to the Equipment Replacement Capital Projects Fund for future replacement of rolling stock and computer equipment. Several funds transferred a total of \$1,561,988 to the Sales Tax Revenue Bond Debt Service Fund to support principal and interest payments on debt. Transfers to the General Fund were comprised of: \$24,801 received from the Lower Park Avenue RDA Capital Projects Fund, \$1,349 received from the Main Street RDA Capital Projects Fund, \$633,119 from the Water Fund, \$588,742 from the Transportation and Parking Fund and \$98,980 from the Golf Fund for administrative expenses for the year ended June 30, 2014:

| 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 | \$ - | \$ - | \$ 181,247 | \$ 905,000 | \$ 25,000 | \$ 1,111,247 |
| Capital improvement fund | - | - | 134,366 | - | - | 134,366 |
| RDA cip - park ave | 24,801 | - | 326,375 | - | - | 351,176 |
| GO bond - DSF | - | 7,164,160 | - | - | - | 7,164,160 |
| Nonmajor funds: | | | | | | |
| Other funds | 1,349 | - | 920,000 | - | - | 921,349 |
| Business-type activities | | | | | | |
| Water fund | 633,119 | - | - | - | - | 633,119 |
| Transportation and parking | 588,742 | - | - | - | - | 588,742 |
| Golf course fund | 98,980 | - | - | - | - | 98,980 |
| Total | \$ 1,346,991 | \$ 7,164,160 | \$ 1,561,988 | \$ 905,000 | \$ 25,000 | \$ 11,003,139 |

Government-Wide Financial Statements

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

NOTE N - TAXES

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE N – TAXES, Continued

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

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

NOTE O – UNAVAILABLE REVENUE

Fund Financial Statements

At June 30, 2014, 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 | Capital Projects - Lower Park Avenue Redevelopment Agency | Other Governmental Funds | Total |
|---------------------------------------|---------------------|--|---|---|--------------------------------|----------------------|
| Miscellaneous loans/receivable | \$ - | \$ - | \$ 390,622 | \$ - | \$ - | \$ 390,622 |
| Property tax levied-not yet collected | 8,686,905 | 5,321,592 | - | 2,129,071 | 1,300,000 | 17,437,568 |
| Receivable sale of land | - | - | 1,250,000 | - | - | 1,250,000 |
| | <u>\$ 8,686,905</u> | <u>\$ 5,321,592</u> | <u>\$ 1,640,622</u> | <u>\$ 2,129,071</u> | <u>\$ 1,300,000</u> | <u>\$ 19,078,190</u> |

NOTE P – CONDUIT DEBT

On December 18, 2007, the City issued \$20,120,000 of 2007 Multi-Mode Variable Rate Revenue Bonds on behalf of the United States Ski and Snowboard Association (USSA), a nonprofit corporation. The bonds bear interest at a variable rate not to exceed 10% per annum and mature April 1, 2027. 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 and an irrevocable letter of credit issued by Wells Fargo Bank. 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 \$19,785,000 at June 30, 2014.

NOTE Q – POLLUTION REMEDIATION

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE Q – POLLUTION REMEDIATION, Continued

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 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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE R – SUBSEQUENT EVENTS

On September 11, 2014, the City issued Sales Tax Revenue Refunding Bonds, Series 2014A in the amount of \$6,725,000 with a premium of \$518,996. The bond proceeds were used to refund \$7,130,000 of Park City Sales Tax Revenue Bonds, Series 2005A. The interest rate on the bonds varies from 2.00 percent to 4.00 percent. The bonds mature June 15, 2021.

On September 11, 2014, the City issued Sales Tax Revenue Bonds, Series 2014B in the amount of \$5,375,000 with a premium of \$166,022. The bond proceeds were used to finance certain improvements and open space acquisitions. The interest rate on the bonds varies from 3.00 percent to 3.25 percent. The bonds mature June 15, 2029.

On November 6, 2014, the City issued General Obligation Refunding Bonds, Series 2014 in the amount of \$3,385,000 with a premium of \$154,845. The bond proceeds as well as \$76,762 of City funds were used to refund \$3,540,000 of Park City General Obligation Bonds, Series 2004. The interest rate on the 2014 bonds varies from 2.00 percent to 4.00 percent. The bonds mature May 1, 2019.

**SUPPLEMENTARY
INFORMATION**

NONMAJOR GOVERNMENTAL FUNDS

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, 2014

| | Capital Projects Funds | | | Total Nonmajor Governmental |
|---|---|---|--|--|
| | Main Street Redevelopment Agency | Municipal Building Authority | Equipment Replacement CIP | |
| Assets | | | | |
| Cash, cash equivalents and investments | \$ 1,307,196 | \$ 527,671 | \$ 1,968,675 | \$ 3,803,542 |
| Receivables | | | | |
| Taxes | 1,301,797 | - | - | 1,301,797 |
| Accounts | 227 | 82 | - | 309 |
| Total assets | <u>\$ 2,609,220</u> | <u>\$ 527,753</u> | <u>\$ 1,968,675</u> | <u>\$ 5,105,648</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Accounts payable | \$ - | \$ 2,004 | \$ 65,882 | \$ 67,886 |
| Deferred inflows of resources-property tax | 1,300,000 | - | - | 1,300,000 |
| Total liabilities and deferred inflows of resources | <u>1,300,000</u> | <u>2,004</u> | <u>65,882</u> | <u>1,367,886</u> |
| Fund Balances | | | | |
| Committed-capital projects | <u>1,309,220</u> | <u>525,749</u> | <u>1,902,793</u> | <u>3,737,762</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,609,220</u> | <u>\$ 527,753</u> | <u>\$ 1,968,675</u> | <u>\$ 5,105,648</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, 2014

| | <u>Capital Projects Funds</u> | | | <u>Total Nonmajor Governmental</u> |
|--|---|---|--------------------------------------|--|
| | <u>Main Street Redevelopment Agency</u> | <u>Municipal Building Authority</u> | <u>Equipment Replacement CIP</u> | |
| Revenues | | | | |
| Taxes and special assessments | \$ 1,263,060 | \$ - | \$ - | \$ 1,263,060 |
| Investment income | 7,661 | 2,724 | - | 10,385 |
| Total revenues | <u>1,270,721</u> | <u>2,724</u> | <u>-</u> | <u>1,273,445</u> |
| Expenditures | | | | |
| Capital outlay | <u>283,875</u> | <u>2,844</u> | <u>735,015</u> | <u>1,021,734</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>986,846</u> | <u>(120)</u> | <u>(735,015)</u> | <u>251,711</u> |
| Other financing sources (uses) | | | | |
| Sale of capital assets | - | - | 146,554 | 146,554 |
| Transfers in | - | - | 905,000 | 905,000 |
| Transfers out | (921,349) | - | - | (921,349) |
| Total other financing sources (uses) | <u>(921,349)</u> | <u>-</u> | <u>1,051,554</u> | <u>130,205</u> |
| Net change in fund balances | 65,497 | (120) | 316,539 | 381,916 |
| Fund balances - beginning | <u>1,243,723</u> | <u>525,869</u> | <u>1,586,254</u> | <u>3,355,846</u> |
| Fund balances - ending | <u>\$ 1,309,220</u> | <u>\$ 525,749</u> | <u>\$ 1,902,793</u> | <u>\$ 3,737,762</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, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Investment income | \$ - | \$ - | \$ 2,747 | \$ 2,747 |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 1,200,000 | 1,200,000 | 1,200,000 | - |
| Interest | 363,113 | 363,113 | 359,863 | 3,250 |
| Total expenditures | <u>1,563,113</u> | <u>1,563,113</u> | <u>1,559,863</u> | <u>3,250</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,563,113)</u> | <u>(1,563,113)</u> | <u>(1,557,116)</u> | <u>5,997</u> |
| Other financing sources | | | | |
| Transfers in | <u>1,561,988</u> | <u>1,561,988</u> | <u>1,561,988</u> | <u>-</u> |
| Net change in fund balance | (1,125) | (1,125) | 4,872 | 5,997 |
| Fund balance - beginning | <u>1,160,727</u> | <u>1,160,395</u> | <u>1,160,395</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 1,159,602</u> | <u>\$ 1,159,270</u> | <u>\$ 1,165,267</u> | <u>\$ 5,997</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, 2014

| | <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 | \$ 4,557,989 | \$ 5,070,714 | \$ 5,070,714 | \$ - |
| Delinquent taxes | 12,000 | 12,000 | 12,000 | - |
| Investment income | - | 22,000 | 29,061 | 7,061 |
| Miscellaneous | 73,966 | 66,225 | 65,671 | (554) |
| Total revenues | <u>4,643,955</u> | <u>5,170,939</u> | <u>5,177,446</u> | <u>6,507</u> |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 3,520,000 | 3,940,000 | 3,940,000 | - |
| Interest | 1,151,333 | 1,262,833 | 1,237,411 | 25,422 |
| Bond issuance costs | - | 123,931 | 123,931 | - |
| Total expenditures | <u>4,671,333</u> | <u>5,326,764</u> | <u>5,301,342</u> | <u>25,422</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(27,378)</u> | <u>(155,825)</u> | <u>(123,896)</u> | <u>31,929</u> |
| Other financing sources (uses) | | | | |
| Transfers out | - | (7,164,160) | (7,164,160) | - |
| Debt issuance | - | 7,170,000 | 7,170,000 | - |
| Refunding bonds issued | - | 1,930,000 | 1,930,000 | - |
| Payment to refunded bondholders | - | (1,930,000) | (1,930,000) | - |
| Premium on debt issuance | - | 92,774 | 92,774 | - |
| Premium on refunding bonds | - | 50,769 | 50,769 | - |
| Total other financing sources | <u>-</u> | <u>149,383</u> | <u>149,383</u> | <u>-</u> |
| Net change in fund balance | <u>(27,378)</u> | <u>(6,442)</u> | <u>25,487</u> | <u>31,929</u> |
| Fund balance - beginning | <u>385,922</u> | <u>407,093</u> | <u>368,099</u> | <u>(38,994)</u> |
| Fund balance - ending | <u>\$ 358,544</u> | <u>\$ 400,651</u> | <u>\$ 393,586</u> | <u>\$ (7,065)</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, 2014

| | <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 | \$ 5,816,099 | \$ 5,464,167 | \$ 6,184,909 | \$ 720,742 |
| Intergovernmental | 3,350,000 | 3,621,294 | 1,656,469 | (1,964,825) |
| Investment income | - | 20,000 | 148,880 | 128,880 |
| Impact fees | 165,000 | 370,000 | 397,737 | 27,737 |
| Miscellaneous | 5,600,000 | 17,118,700 | 1,008,278 | (16,110,422) |
| Total revenues | <u>14,931,099</u> | <u>26,594,161</u> | <u>9,396,273</u> | <u>(17,197,888)</u> |
| Expenditures | | | | |
| Capital outlay | | | | |
| Land and building acquisition | 3,750,000 | 8,681,130 | - | 8,681,130 |
| Street and storm drain improvements | 2,306,154 | 4,381,819 | 2,394,598 | 1,987,221 |
| Building renovation and construction | 652,709 | 2,261,168 | 448,950 | 1,812,218 |
| Improvements other than building | 11,567,042 | 35,299,542 | 6,392,872 | 28,906,670 |
| City parks and cemetery improvements | 1,733 | 215,619 | 11,038 | 204,581 |
| Equipment | 145,000 | 376,261 | 163,509 | 212,752 |
| Total expenditures | <u>18,422,638</u> | <u>51,215,539</u> | <u>9,410,967</u> | <u>41,804,572</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,491,539)</u> | <u>(24,621,378)</u> | <u>(14,694)</u> | <u>24,606,684</u> |
| Other financing sources (uses) | | | | |
| Transfers in | - | 7,164,160 | 7,164,160 | - |
| Transfers out | (134,366) | (134,366) | (134,366) | - |
| Payment on note receivable | 1,375,000 | 1,375,000 | 1,375,000 | - |
| Proceeds from sale of assets | 1,869,757 | - | - | - |
| Total other financing sources | <u>3,110,391</u> | <u>8,404,794</u> | <u>8,404,794</u> | <u>-</u> |
| Net change in fund balance | (381,148) | (16,216,584) | 8,390,100 | 24,606,684 |
| Fund balance - beginning | <u>3,629,107</u> | <u>18,771,186</u> | <u>18,854,790</u> | <u>83,604</u> |
| Fund balance - ending | <u>\$ 3,247,959</u> | <u>\$ 2,554,602</u> | <u>\$ 27,244,890</u> | <u>\$ 24,690,288</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, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| General property tax | \$ 2,271,000 | \$ 2,192,000 | \$ 2,203,448 | \$ 11,448 |
| Investment income | - | 26,000 | 42,524 | 16,524 |
| Miscellaneous | 1,000,000 | - | - | - |
| Total revenues | <u>3,271,000</u> | <u>2,218,000</u> | <u>2,245,972</u> | <u>27,972</u> |
| Expenditures | | | | |
| Capital outlay | | | | |
| Land and building acquisition | - | 1,433,516 | 2,466 | 1,431,050 |
| Street and storm drain improvements | - | 39,845 | - | 39,845 |
| Building renovation and construction | 2,000,000 | 100,000 | - | 100,000 |
| Improvements other than building | 6,760,274 | 8,653,145 | 3,453,327 | 5,199,818 |
| City parks and cemetery improvements | 100,000 | 143,408 | 135,273 | 8,135 |
| Total expenditures | <u>8,860,274</u> | <u>10,369,914</u> | <u>3,591,066</u> | <u>6,778,848</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,589,274)</u> | <u>(8,151,914)</u> | <u>(1,345,094)</u> | <u>6,806,820</u> |
| Other financing (uses)-transfers out | <u>(426,375)</u> | <u>(351,176)</u> | <u>(351,176)</u> | <u>-</u> |
| Net change in fund balance | <u>(6,015,649)</u> | <u>(8,503,090)</u> | <u>(1,696,270)</u> | <u>6,806,820</u> |
| Fund balance - beginning | <u>6,646,734</u> | <u>9,877,290</u> | <u>9,921,421</u> | <u>44,131</u> |
| Fund balance - ending | <u>\$ 631,085</u> | <u>\$ 1,374,200</u> | <u>\$ 8,225,151</u> | <u>\$ 6,850,951</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-------------------------|-------------------|---------------------------|---------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| General property tax | \$ 1,242,000 | \$ 1,251,000 | \$ 1,263,060 | \$ 12,060 |
| Investment income | - | 5,000 | 7,661 | 2,661 |
| Total revenues | <u>1,242,000</u> | <u>1,256,000</u> | <u>1,270,721</u> | <u>14,721</u> |
| Expenditures | | | | |
| Capital outlay | | | | |
| Building renovation and construction | - | 10,030 | 2,350 | 7,680 |
| Improvements other than building | 72,053 | 618,271 | 281,525 | 336,746 |
| Total expenditures | <u>72,053</u> | <u>628,301</u> | <u>283,875</u> | <u>344,426</u> |
| Excess of revenues over expenditures | <u>1,169,947</u> | <u>627,699</u> | <u>986,846</u> | <u>359,147</u> |
| Other financing (uses)-transfers out | <u>(950,000)</u> | <u>(921,349)</u> | <u>(921,349)</u> | <u>-</u> |
| Net change in fund balance | 219,947 | (293,650) | 65,497 | 359,147 |
| Fund balance - beginning | <u>617,096</u> | <u>1,237,956</u> | <u>1,243,723</u> | <u>5,767</u> |
| Fund balance - ending | <u>\$ 837,043</u> | <u>\$ 944,306</u> | <u>\$ 1,309,220</u> | <u>\$ 364,914</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, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Investment income | \$ 3,000 | \$ 3,000 | \$ 2,724 | \$ (276) |
| Expenditures | | | | |
| Capital outlay-improvements other than building | - | 68,000 | 2,844 | 65,156 |
| Excess (deficiency) of revenues over (under) expenditures | 3,000 | (65,000) | (120) | 64,880 |
| Net change in fund balance | 3,000 | (65,000) | (120) | 64,880 |
| Fund balance - beginning | 275,087 | 523,457 | 525,869 | 2,412 |
| Fund balance - ending | <u>\$ 278,087</u> | <u>\$ 458,457</u> | <u>\$ 525,749</u> | <u>\$ 67,292</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, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|-----------------------------------|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures | | | | |
| Capital outlay - equipment | \$ 905,000 | \$ 2,274,591 | \$ 735,015 | \$ 1,539,576 |
| Other financing sources | | | | |
| Sale of capital assets | - | 143,000 | 146,554 | 3,554 |
| Transfers in | 905,000 | 905,000 | 905,000 | - |
| Total other financing sources | <u>905,000</u> | <u>1,048,000</u> | <u>1,051,554</u> | <u>3,554</u> |
| Net change in fund balance | - | (1,226,591) | 316,539 | 1,543,130 |
| Fund balance - beginning | <u>208,076</u> | <u>1,586,254</u> | <u>1,586,254</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 208,076</u> | <u>\$ 359,663</u> | <u>\$ 1,902,793</u> | <u>\$ 1,543,130</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, 2014

| | <u>Fleet Services Fund</u> | <u>Self- Insurance Fund</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash, cash equivalents and investments | \$ 720,895 | \$ 1,226,571 | \$ 1,947,466 |
| Accounts receivable | 74,111 | 385 | 74,496 |
| Inventories | 486,335 | - | 486,335 |
| Total current assets | <u>1,281,341</u> | <u>1,226,956</u> | <u>2,508,297</u> |
| Capital assets | | | |
| Vehicles and equipment | 47,450 | - | 47,450 |
| Accumulated depreciation | <u>(47,450)</u> | <u>-</u> | <u>(47,450)</u> |
| Net capital assets | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>1,281,341</u> | <u>1,226,956</u> | <u>2,508,297</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 123,391 | 18,744 | 142,135 |
| Compensated absences | <u>8,702</u> | <u>-</u> | <u>8,702</u> |
| Total current liabilities | <u>132,093</u> | <u>18,744</u> | <u>150,837</u> |
| Noncurrent liability-compensated absences | <u>35,289</u> | <u>-</u> | <u>35,289</u> |
| Total liabilities | <u>167,382</u> | <u>18,744</u> | <u>186,126</u> |
| Total net position-unrestricted | <u>\$ 1,113,959</u> | <u>\$ 1,208,212</u> | <u>\$ 2,322,171</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, 2014

| | Fleet Services Fund | Self- Insurance Fund | Total |
|---|------------------------------------|-------------------------------------|---------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Operating revenues-charges for services | \$ 2,576,000 | \$ 553,998 | \$ 3,129,998 |
| Operating expenses | | | |
| Salaries and benefits | 670,854 | - | 670,854 |
| Supplies, maintenance and services | 699,602 | 769,599 | 1,469,201 |
| Energy and utilities | 1,118,664 | - | 1,118,664 |
| | <u>2,489,120</u> | <u>769,599</u> | <u>3,258,719</u> |
| Income (loss) from operations and change in net position | <u>86,880</u> | <u>(215,601)</u> | <u>(128,721)</u> |
| Net position - beginning | 1,027,079 | 1,423,813 | 2,450,892 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net position - ending | <u>\$ 1,113,959</u> | <u>\$ 1,208,212</u> | <u>\$ 2,322,171</u> |

Park City Municipal Corporation, Utah
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

| | Fleet Services Fund | Self- Insurance Fund | Total |
|--|------------------------------------|-------------------------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | \$ 2,560,290 | \$ 553,613 | \$ 3,113,903 |
| Payments to suppliers | (1,909,067) | (769,978) | (2,679,045) |
| Payments to employees | (669,861) | - | (669,861) |
| Net cash (used in) operating activities | <u>(18,638)</u> | <u>(216,365)</u> | <u>(235,003)</u> |
| Net (decrease) in cash, cash equivalents and investments | (18,638) | (216,365) | (235,003) |
| Balances—beginning of the year | <u>739,533</u> | <u>1,442,936</u> | <u>2,182,469</u> |
| Balances—end of the year | <u>\$ 720,895</u> | <u>\$ 1,226,571</u> | <u>\$ 1,947,466</u> |
| Reconciliation of operating income (loss) to net cash (used in) operating activities: | | | |
| Operating income (loss) | \$ 86,880 | \$ (215,601) | \$ (128,721) |
| Adjustments to reconcile operating income (loss) to net cash (used in) operating activities: | | | |
| Change in assets and liabilities: | | | |
| Receivables, net | (15,710) | (385) | (16,095) |
| Inventories | (132,199) | - | (132,199) |
| Accounts and other payables | 38,953 | (379) | 38,574 |
| Accrued expenses | 3,438 | - | 3,438 |
| Net cash (used in) operating activities | <u>\$ (18,638)</u> | <u>\$ (216,365)</u> | <u>\$ (235,003)</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, 2014

| | <u>Balance</u> <u>July 1, 2013</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2014</u> |
|---|---------------------------------------|---------------------|-----------------------|--|
| Park City Agency | | | | |
| Assets | | | | |
| Cash, cash equivalents and investments | \$ <u>1,408,521</u> | \$ <u>1,779,111</u> | \$ <u>(1,138,016)</u> | \$ <u>2,049,616</u> |
| Liabilities | | | | |
| Deposits | \$ <u>1,408,521</u> | \$ <u>1,779,111</u> | \$ <u>(1,138,016)</u> | \$ <u>2,049,616</u> |

STATISTICAL SECTION

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

| Contents | Page |
|--|-------------|
| Financial Trends - These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. | |
| Net Position by Component | 95 |
| Changes in Net Position | 96 |
| Fund Balances of Governmental Funds | 98 |
| Changes in Fund Balances of Governmental Funds | 99 |
| Revenue Capacity - These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax, in addition to other types of tax revenues. | |
| General Government Tax Revenues by Source | 100 |
| Assessed Value of Taxable Property Excluding Fee-In-Lieu | 101 |
| Assessed Value of Taxable Property Including Fee-In-Lieu | 102 |
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| Direct and Overlapping Sales Tax Rate | 105 |
| Principal Property Taxpayers | 106 |
| City Tax Revenue Collected by County | 107 |
| Property Tax Levies and Collections | 108 |
| Debt Capacity -These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future. | |
| Ratios of Outstanding Debt by Type | 109 |
| Ratios of General Bonded Debt Outstanding | 110 |
| Direct and Overlapping Governmental Activities Debt | 111 |
| Legal Debt Margin Information | 112 |
| Pledged Revenue Coverage | 113 |
| Water Fund Refunding Revenue Bonds | 114 |
| Demographic and Economic Information -These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place. | |
| Demographic and Economic Statistics | 115 |
| Principal Employers | 116 |
| Operating Information -These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs. | |
| Full-time Equivalent City Government Employees by Function | 117 |
| Population Statistics | 118 |
| Transient Room Capacity as a Percentage of Population | 119 |
| Historical Pledged Taxes | 120 |
| Operating Indicators by Function | 121 |
| Capital Asset Statistics by Function | 122 |
| Schedule of Insurance in Force | 123 |
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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 | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012(1) | 2013 | 2014 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 81,377,025 | \$ 84,556,119 | \$ 89,314,177 | \$ 94,499,292 | \$ 104,268,572 | \$ 126,232,311 | \$ 133,919,927 | \$ 136,071,293 | \$ 142,887,371 | \$ 150,053,024 |
| Restricted | 24,563,680 | 13,382,225 | 9,601,159 | 6,881,623 | 16,373,427 | 8,409,654 | 4,523,349 | 1,300,187 | 756,943 | 6,914,189 |
| Unrestricted | 27,672,420 | 45,952,484 | 58,692,064 | 64,231,443 | 46,530,239 | 40,053,884 | 39,298,940 | 43,625,788 | 42,124,211 | 36,699,001 |
| Total governmental activities net position | <u>\$ 133,613,125</u> | <u>\$ 143,890,828</u> | <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>\$ 193,666,214</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 34,255,631 | \$ 33,886,798 | \$ 34,285,569 | \$ 33,742,422 | \$ 36,546,622 | \$ 45,544,573 | \$ 51,237,710 | \$ 56,867,717 | \$ 57,738,180 | \$ 58,889,312 |
| Restricted | 3,764,831 | 8,732,350 | 9,745,959 | 8,881,500 | 9,254,588 | 22,052,008 | 9,905,734 | 4,625,572 | 7,168,903 | 5,103,868 |
| Unrestricted | 6,280,644 | 5,208,267 | 10,525,780 | 16,473,348 | 17,152,620 | 234,871 | 11,465,665 | 18,103,004 | 16,869,063 | 22,284,552 |
| Total business-type activities net position | <u>\$ 44,301,106</u> | <u>\$ 47,827,415</u> | <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>\$ 86,277,732</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 115,632,656 | \$ 118,442,917 | \$ 123,599,746 | \$ 128,241,714 | \$ 140,815,194 | \$ 171,776,884 | \$ 185,157,637 | \$ 192,939,010 | \$ 200,625,551 | \$ 208,942,336 |
| Restricted | 28,328,511 | 22,114,575 | 19,347,118 | 15,763,123 | 25,628,015 | 30,461,662 | 14,429,083 | 5,925,759 | 7,925,846 | 12,018,057 |
| Unrestricted | 33,953,064 | 51,160,751 | 69,217,844 | 80,704,791 | 63,682,859 | 40,288,755 | 50,764,605 | 61,728,792 | 58,993,274 | 58,983,553 |
| Total primary government net position | <u>\$ 177,914,231</u> | <u>\$ 191,718,243</u> | <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>\$ 279,943,946</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 | | | | | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012(6) | 2013 | 2014 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 6,493,178 | \$ 9,793,758 (1) | \$ 9,104,598 | \$ 13,410,484 | \$ 15,340,741 | \$ 15,424,562 | \$ 13,876,694 | \$ 16,418,511 | \$ 15,410,428 | \$ 17,971,342 |
| Public safety | 3,296,810 | 3,614,976 | 3,639,734 | 4,150,644 | 4,243,055 | 4,410,647 | 4,523,175 | 4,749,019 | 5,005,854 | 5,023,548 |
| Public works | 7,679,736 | 7,806,325 | 7,945,868 | 9,355,418 | 8,464,545 | 8,186,146 | 7,539,516 | 7,120,275 | 7,225,061 | 7,053,923 |
| Library and recreation | 2,333,871 | 2,569,725 | 2,858,010 | 3,181,083 | 3,234,338 | 3,252,784 | 3,146,783 | 3,707,452 | 4,194,025 | 4,408,912 |
| Interest on long-term debt | 1,875,384 | 1,864,527 | 1,742,611 | 1,615,426 | 1,767,188 | 2,213,998 | 2,039,807 | 1,812,222 | 1,588,388 | 1,552,101 |
| Total governmental activities expenses | <u>21,678,979</u> | <u>25,649,311</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Water | 5,586,033 | 5,126,182 | 6,021,603 | 5,953,499 | 7,895,070 | 9,220,606 | 9,168,368 | 9,828,676 | 10,980,949 | 11,678,822 |
| Transportation and parking | 5,057,840 | 5,664,315 | 6,822,384 | 7,244,088 | 7,167,411 | 9,406,997 | 8,433,607 | 9,243,798 | 9,608,636 | 10,378,982 |
| Golf course | 1,218,127 | 1,197,417 | 1,609,662 | 1,236,033 | 1,280,080 | 1,182,865 | 1,291,645 | 1,394,404 | 1,415,478 | 1,441,498 |
| Total business-type activities expenses | <u>11,862,000</u> | <u>11,987,914</u> | <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> |
| Total primary government expenses | <u>\$ 33,540,979</u> | <u>\$ 37,637,225</u> | <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> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 3,272,967 | \$ 3,605,851 | \$ 4,440,720 | \$ 5,807,731 | \$ 3,120,334 | \$ 1,535,425 | \$ 1,959,149 | \$ 2,072,172 | \$ 2,388,214 | \$ 3,907,142 |
| Public safety | 4,920 | 4,625 | 2,290 | 1,350 | 1,695 | 2,550 | 2,700 | 6,593 | 12,313 | 100 |
| Public works | 20,000 | 54,660 | 50,515 | 209,828 | 249,405 | 201,643 | 219,843 | 222,708 | 246,390 | 190,022 |
| Library and recreation | 946,460 | 1,078,903 | 1,091,658 | 1,147,238 | 1,236,024 | 1,107,536 | 836,328 | 1,142,700 | 1,287,791 | 1,309,934 |
| Operating grants and contributions | 53,418 | 191,803 | 126,395 | 158,494 | 111,044 | 88,142 | 126,759 | 151,111 | 350,352 | 165,147 |
| Capital grants and contributions | 3,365,287 | 1,994,234 | 817,530 | 1,951,362 | 3,163,329 | 8,827,676 | 649,032 | 1,476,472 | 1,073,924 | 1,879,881 |
| Total governmental activities program revenues | <u>7,663,052</u> | <u>6,930,076</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Water | 3,972,634 | 5,314,807 | 6,002,411 | 5,814,397 | 7,233,359 | 7,370,380 | 8,416,666 | 9,915,490 | 12,242,653 | 13,171,473 |
| Transportation and parking | 2,250,236 | 2,535,187 | 2,840,910 | 3,280,270 | 3,421,979 | 3,842,616 | 3,495,838 | 3,487,939 | 3,977,883 | 3,895,008 |
| Golf course | 857,200 | 896,091 | 948,753 | 955,473 | 994,049 | 843,621 | 878,237 | 1,033,286 | 1,102,133 | 1,056,248 |
| Operating grants and contributions | 339,700 | - | 1,536,448 | 54,774 | 1,186,122 | 3,219,683 | - | 3,681,732 | - | 1,649,174 |
| Capital grants and contributions | 4,746,137 | 3,099,552 | 5,134,055 | 4,097,331 | 4,095,971 | 4,449,296 | 6,367,580 | 4,856,335 | 2,373,881 | 3,353,572 |
| Total business-type activities program revenues | <u>12,165,907</u> | <u>11,845,637</u> | <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> |
| Total primary government program revenues | <u>\$ 19,828,959</u> | <u>\$ 18,775,713</u> | <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> |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| | \$ (14,015,927) | \$ (18,719,235) | \$ (18,761,713) | \$ (22,437,052) | \$ (25,168,036) | \$ (21,725,165) | \$ (27,332,164) | \$ (28,735,723) | \$ (28,064,772) | \$ (28,557,600) |
| Business-type activities | | | | | | | | | | |
| | 303,907 | (142,277) | 2,008,928 | (231,375) | 588,919 | (84,872) | 264,701 | 2,507,904 | (2,308,513) | (373,827) |
| Total primary government net expense | <u>\$ (13,712,020)</u> | <u>\$ (18,861,512)</u> | <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> |

| | Fiscal Year | | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012(6) | 2013 | 2014 | |
| General Revenues and Other Changes in Net Position | | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | | |
| Taxes | | | | | | | | | | | |
| Property tax, levied for general purposes | \$ 10,771,072 | \$ 10,235,875 | \$ 10,504,429 | \$ 11,051,669 | \$ 11,003,476 | \$ 11,921,879 | \$ 12,442,798 | \$ 13,797,851 | \$ 13,587,385 | \$ 12,772,297 | |
| Property tax, levied for debt service | 1,711,909 | 2,211,909 | 2,211,909 | 2,211,909 | 2,211,909 | 4,009,000 | 4,570,315 | 4,580,904 | 4,577,873 | 5,082,714 | |
| General sales and use tax | 3,892,401 | 4,268,697 | 4,352,388 | 4,047,348 | 3,881,142 | 3,990,274 | 3,966,554 | 4,125,435 | 4,187,472 | 4,347,534 | |
| Franchise tax | 2,309,090 | 2,715,184 | 2,529,915 | 2,748,571 | 2,720,272 | 2,774,319 | 2,906,982 | 2,816,070 | 3,037,407 | 3,158,716 | |
| Resort tax | 3,954,810 | 4,261,186 | 5,155,164 | 5,157,557 | 4,709,483 | 4,483,804 | 5,022,250 | 5,443,231 | 5,983,636 | 9,151,788 | |
| Investment earnings | 1,481,694 | 2,976,800 | 3,968,351 | 3,669,971 | 1,646,364 | 753,587 | 399,928 | 283,191 | 258,657 | 348,090 | |
| Miscellaneous | 342,398 | 1,275,609 | 983,013 | 793,279 | 874,055 | 1,124,367 | 1,022,968 | 944,093 | 1,203,599 | 1,594,150 | |
| Gain/Loss on sale of capital assets | - | 1,051,678 | 3,079,451 | 761,706 | (46,785) | - | 215,705 | - | - | - | |
| Transfers | - | - | - | - | - | (1,132,821) | (168,969) | - | - | - | |
| Total governmental activities | <u>24,463,374</u> | <u>28,996,938</u> | <u>32,784,620</u> | <u>30,442,010</u> | <u>26,999,916</u> | <u>27,924,409</u> | <u>30,378,531</u> | <u>31,990,775</u> | <u>32,836,029</u> | <u>36,455,289</u> | |
| Business-type activities: | | | | | | | | | | | |
| General sales and use tax | 2,655,488 | 2,871,465 | 3,469,575 | 3,550,538 | 2,436,838 | 3,127,767 | 3,503,440 | 3,798,125 | 3,868,264 | 4,019,133 | |
| Investments earnings | 275,885 | 465,996 | 821,835 | 892,754 | 543,562 | 339,629 | 438,221 | 247,058 | 196,237 | 358,535 | |
| Miscellaneous | 482,570 | 331,125 | 429,555 | 328,045 | 287,241 | 362,277 | 402,326 | 434,097 | 423,865 | 497,745 | |
| Transfers | - | - | - | - | - | 1,132,821 | 168,969 | - | - | - | |
| Total business-type activities | <u>3,413,943</u> | <u>3,668,586</u> | <u>4,720,965</u> | <u>4,771,337</u> | <u>3,267,641</u> | <u>4,962,494</u> | <u>4,512,956</u> | <u>4,479,280</u> | <u>4,488,366</u> | <u>4,875,413</u> | |
| Total primary government | <u>\$ 27,877,317</u> | <u>\$ 32,665,524</u> | <u>\$ 37,505,585</u> | <u>\$ 35,213,347</u> | <u>\$ 30,267,557</u> | <u>\$ 32,886,903</u> | <u>\$ 34,891,487</u> | <u>\$ 36,470,055</u> | <u>\$ 37,324,395</u> | <u>\$ 41,330,702</u> | |
| Change in Net Position | | | | | | | | | | | |
| Governmental activities | \$ 10,447,447 | \$ 10,277,703 | \$ 14,022,907 | \$ 8,004,958 | (2) \$ 1,831,880 | (3) \$ 6,199,244 | (4) \$ 3,046,367 | (5) \$ 3,255,052 | \$ 4,771,257 | \$ 7,897,689 | (7) |
| Business-type activities | 3,717,850 | 3,526,309 | 6,729,893 | 4,539,962 | 3,856,560 | 4,877,622 | 4,777,657 | 6,987,184 | 2,179,853 | 4,501,586 | |
| Total primary government | <u>\$ 14,165,297</u> | <u>\$ 13,804,012</u> | <u>\$ 20,752,800</u> | <u>\$ 12,544,920</u> | <u>\$ 5,688,440</u> | <u>\$ 11,076,866</u> | <u>\$ 7,824,024</u> | <u>\$ 10,242,236</u> | <u>\$ 6,951,110</u> | <u>\$ 12,399,275</u> | |

Notes:

- (1) In February 2006, the City began operation of the Quinns Recreation Complex Ice Skating Arena. The expenses for operation of the arena are included in general government.
- (2) Decrease in governmental activities net position is due to increases in general government, public safety and public works expense.
- (3) Decrease in governmental activities net position is due to increases in payroll expenditures and the ice facility, which was open two more months in FY 2009 compared to FY 2008.
- (4) Increase in governmental activities net position is due to increases in capitalizable grants and contributions.
- (5) Decrease in governmental activities net position is due to decreases in capitalizable grants and contributions.
- (6) Restated.
- (7) Increase in governmental activities net position is due to increases in resort tax collected.

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

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| General fund | | | | | | | | | | |
| Unreserved, undesignated | \$ 3,216,779 | \$ 3,120,657 | \$ 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 |
| Restricted - Drug and tobacco enforcement | - | - | - | - | - | - | 31,258 | 36,517 | 47,776 | 46,402 |
| Total general fund | \$ 3,216,779 | \$ 3,120,657 | \$ 4,614,015 | \$ 3,672,132 | \$ 3,747,296 | \$ 3,894,972 | \$ 4,240,278 | \$ 4,048,142 | \$ 5,562,903 | \$ 6,717,118 |
| All other governmental funds | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Major capital projects funds-capital projects | \$ 6,356,191 (1) | \$ 3,615,314 | \$ 3,512,677 | \$ 1,506,103 | \$ 11,384,726 | \$ 6,608,983 | \$ - | \$ - | \$ - | \$ - |
| Major debt service funds-capital projects | 16,443,301 (1) | 8,015,584 | 4,247,676 | 4,022,666 | 4,104,881 | 1,115,930 | - | - | - | - |
| Major debt service | 13,159 | 5,548 | 46,755 | 222,246 | 204,089 | 3,880 | - | - | - | - |
| Nonmajor debt service funds-capital projects | 1,025,952 | 1,061,227 | 1,111,655 | - | - | - | - | - | - | - |
| Nonmajor debt service funds-debt service | 725,077 | 684,552 | 682,396 | 1,130,608 | 679,731 | 680,861 | - | - | - | - |
| Unreserved, designated | | | | | | | | | | |
| Major capital projects funds | 26,616,759 | 37,188,250 (2) | 42,039,728 (2) | 46,763,396 (2) | 40,220,685 (2) | 26,618,929 (2) | - | - | - | - |
| Nonmajor capital projects funds | 3,272,704 | 3,551,772 | 3,469,259 | 3,140,465 | 1,798,846 | 1,948,358 | - | - | - | - |
| Major debt service funds | 451,885 | 436,235 | 488,982 | 652,121 | 647,183 | 1,084,351 | - | - | - | - |
| Nonmajor debt service funds | 337,744 | 58,800 | 118,394 | 187,889 | 198,251 | 203,868 | - | - | - | - |
| Unreserved, undesignated | | | | | | | | | | |
| Major capital projects funds | 8,177,726 | 9,748,106 | 7,725,190 | 8,950,857 | 5,250,664 | 6,496,859 | - | - | - | - |
| Major debt service funds | (300,875) | (6,232,622) | (2,684,701) | (2,501,669) | (2,384,282) | - | - | - | - | - |
| Nonmajor capital projects funds | 1,944,705 | 1,856,919 | 2,078,624 | 76,071 | 570,697 | 1,215,873 | - | - | - | - |
| Nonmajor debt service funds | - | 112,581 | - | 1,094,765 | - | - | - | - | - | - |
| Restricted for: | | | | | | | | | | |
| Capital projects | - | - | - | - | - | - | 4,490,602 (3) | 1,261,260 | 708,350 | 6,866,835 |
| Debt service | - | - | - | - | - | - | 1,489 | 2,410 | 817 | 952 |
| 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 |
| Debt service funds | - | - | - | - | - | - | - | 1,713,903 | 1,480,633 | 1,557,901 |
| Total all other governmental funds | \$ 65,064,328 | \$ 60,102,266 | \$ 62,836,635 | \$ 65,245,518 | \$ 62,675,471 | \$ 45,977,892 | \$ 40,565,756 | \$ 34,612,763 | \$ 33,660,551 | \$ 40,766,656 |

Notes:
(1) The increase in reserved fund balance in fiscal year 2005 was due to unspent bond proceeds from an issuance during the period for capital projects.
(2) Designated fund balance includes a transfer from the general fund to the capital projects improvement fund per the City's budget, as follows:
FY 2006-transfer of \$6.5 million; 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.
(3) 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 | | | | | | | | | |
|---|----------------------|-----------------------|---------------------|---------------------|-----------------------|------------------------|-----------------------|-----------------------|-------------------|---------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Revenues | | | | | | | | | | |
| Taxes and special assessments | \$ 22,584,930 | \$ 23,715,701 | \$ 24,781,947 | \$ 25,235,186 | \$ 24,523,906 | \$ 27,038,657 | \$ 28,939,586 | \$ 30,705,261 | \$ 31,399,695 | \$ 34,486,284 |
| Licenses and permits | 2,154,641 | 2,250,004 | 2,686,965 | 3,286,754 | 1,702,201 | 808,055 | 1,067,438 | 1,166,721 | 1,446,142 | 2,611,576 |
| Intergovernmental | 662,954 | 933,555 | 843,925 | 1,310,951 | 601,868 | 690,912 | 775,791 | 627,433 | 1,404,276 | 1,818,822 |
| Charges for services | 1,053,161 | 1,375,512 | 1,603,390 | 1,640,952 | 1,785,328 | 1,705,148 | 1,526,455 | 1,910,119 | 2,017,593 | 2,194,197 |
| Fines and forfeitures | 25,766 | 28,622 | 26,981 | 44,855 | 43,825 | 40,562 | 28,833 | 29,404 | 35,342 | 21,648 |
| Investment income | 1,481,694 | 2,976,800 | 3,968,351 | 3,669,971 | 1,646,364 | 753,587 | 399,928 | 283,191 | 258,657 | 348,090 |
| Impact fees | 1,010,779 | 1,089,901 | 1,267,847 | 1,310,955 | 844,074 | 109,553 | 191,521 | 133,421 | 201,235 | 397,737 |
| Rental and other miscellaneous | 1,680,982 | 1,216,022 | 1,407,452 | 3,273,529 | 2,017,353 | 2,843,770 | 2,104,193 | 2,366,777 | 1,476,317 | 1,912,540 |
| Total revenues | 30,654,907 | 33,586,117 | 36,586,858 | 39,773,153 | 33,164,919 | 33,990,244 | 35,033,745 | 37,222,327 | 38,239,257 | 43,790,894 |
| Expenditures | | | | | | | | | | |
| General government | 6,975,713 | 7,201,245 | 7,983,283 | 9,341,117 | 9,290,488 | 9,926,208 | 10,717,351 | 11,260,367 | 11,381,542 | 12,086,576 |
| Public safety | 3,219,448 | 3,509,959 | 3,565,474 | 3,986,114 | 3,929,574 | 4,118,458 | 4,266,143 | 4,498,776 | 4,687,516 | 4,684,672 |
| Public works | 3,746,378 | 4,021,580 | 4,098,548 | 5,426,957 | 4,464,352 | 4,366,909 | 4,422,633 | 4,718,003 | 4,835,958 | 4,643,828 |
| Library and recreation | 2,067,106 | 2,268,341 | 2,370,047 | 2,565,820 | 2,581,640 | 2,608,012 | 2,534,737 | 2,839,500 | 3,164,535 | 3,361,464 |
| Debt Service | | | | | | | | | | |
| Principal retirement | 6,867,602 | 3,820,134 | 3,703,520 | 3,847,159 | 5,171,070 | 5,955,275 | 5,349,796 | 5,424,637 | 4,664,880 | 5,220,496 |
| Interest | 1,650,721 | 1,897,895 | 1,756,593 | 1,629,489 | 1,674,501 | 2,065,562 | 2,066,631 | 1,835,199 | 1,661,003 | 1,616,778 |
| Bond issuance costs | 264,195 | - | - | 43,417 | 261,213 | 137,262 | 51,663 | - | - | 123,931 |
| Arbitrage rebate | - | - | - | - | - | 31,874 | - | - | - | - |
| Capital outlay | 9,652,321 | 19,137,043 | 15,173,156 | 14,402,328 | 35,150,900 | 33,827,783 | 12,847,882 | 17,073,402 | 8,517,860 | 13,923,767 |
| Total expenditures | 34,443,484 | 41,856,197 | 38,650,621 | 41,242,401 | 62,523,738 | 63,037,343 | 42,256,836 | 47,649,884 | 38,913,294 | 45,661,512 |
| Revenues (under) expenditures | (3,788,577) | (8,270,080) | (2,063,763) | (1,469,248) | (29,358,819) | (29,047,099) | (7,223,091) | (10,427,557) | (674,037) | (1,870,618) |
| Other financing sources (uses) | | | | | | | | | | |
| Debt issuance | 24,500,000 | - | - | 779,793 | 24,477,505 | 6,092,683 | - | - | - | 7,170,000 |
| Refunding bonds issued | 4,500,000 | - | - | - | 1,695,000 | 2,025,000 | 1,525,000 | - | - | 1,930,000 |
| Payment to refunded bondholders | (387,745) | - | - | - | (1,695,000) | - | (2,655,000) | - | - | (1,930,000) |
| Payment to refunded bond escrow agent | (4,143,153) | - | - | - | - | (2,055,334) | - | - | - | - |
| Premium on debt issuance | 173,975 | - | - | - | 270,712 | 89,739 | - | - | - | 92,774 |
| Premium on refunding bonds | - | - | - | - | - | 59,922 | 33,592 | - | - | 50,769 |
| Payment received on note | - | - | - | - | - | - | - | - | - | 1,375,000 |
| Discount on debt issuance | - | - | - | - | (25,209) | - | - | - | - | - |
| Capital contributions | 2,000,000 | - | - | - | - | - | - | - | - | - |
| Sale of capital assets | 486,059 | 1,082,898 | 3,995,223 | 1,606,153 | 16,515 | 4,155,231 | 1,124,436 | 2,290,798 | 17,586 | 146,554 |
| Transfers in | 26,788,395 | 27,192,306 | 11,754,974 | 11,673,653 | 30,892,855 | 12,836,826 | 6,595,012 | 6,424,043 | 4,731,710 | 10,978,139 |
| Transfers out | (24,649,717) | (25,063,308) | (9,458,707) | (11,123,351) | (28,768,442) | (10,706,871) | (4,466,779) | (4,432,413) | (3,512,710) | (9,682,298) |
| Total other financing sources | 29,267,814 | 3,211,896 | 6,291,490 | 2,936,248 | 26,863,936 | 12,497,196 | 2,156,261 | 4,282,428 | 1,236,586 | 10,130,938 |
| Net change in fund balances | \$ 25,479,237 | \$ (5,058,184) | \$ 4,227,727 | \$ 1,467,000 | \$ (2,494,883) | \$ (16,549,903) | \$ (5,066,830) | \$ (6,145,129) | \$ 562,549 | \$ 8,260,320 |
| Debt Service as a percentage of noncapital expenditures | 35% | 25% | 21% | 18% | 21% | 24% | 23% | 21% | 19% | 19% |

Schedule 5

Park City Municipal Corporation, Utah

General Government Tax Revenues by Source (1)

Last Ten Fiscal Years

(modified accrual basis of accounting)

| <u>Fiscal Year</u> | <u>Property Tax</u> | <u>Sales and Use Tax</u> | <u>Franchise Tax</u> | <u>Resort Tax</u> | <u>Total</u> |
|--------------------|---------------------|--------------------------|----------------------|-------------------|-------------------|
| 2005 | \$ 8,955,565 | \$ 3,892,401 | \$ 2,309,090 | \$ 3,954,810 | \$ 19,111,866 |
| 2006 | 8,942,736 | 4,268,697 | 2,715,184 | 4,261,186 | 20,187,803 |
| 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 |
| Change: | | | | | |
| 2005-2014 | 60.4% | 11.7% | 36.8% | -25.0% | 29.9% |

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> |
|----------------------|-----------------------------|----------------------------|-------------------------------|-----------------------------|---|------------------------------|
| 2004 | \$ 4,377,544 | \$ 320,690 | \$ 288,958 | \$ 4,987,192 | \$ 5,584,153 | 0.002525 % |
| 2005 | 4,738,920 | 387,993 | 324,801 | 5,451,714 | 6,157,397 | 0.002349 |
| 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 |

Source: Utah State Tax Commission, Property Tax Division

Note: (1) For 2013 the City used Utah State Tax Commission as 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> |
|----------------------|-----------------------------|----------------------------|-------------------------------|--------------------------|-----------------------------|
| 2004 | \$ 4,377,544 | \$ 320,690 | \$ 288,958 | \$ 14,488 | \$ 5,001,680 |
| 2005 | 4,738,920 | 387,993 | 324,801 | 14,881 | 5,466,595 |
| 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 |

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) For 2013 the City used Utah State Tax Commission as 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 | | | | | | | | | |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Apparel stores | \$ 14,213 | \$ 18,177 | \$ 24,620 | \$ 27,266 | \$ 23,627 | \$ 19,710 | \$ 21,833 | \$ 25,919 | \$ 24,069 | \$ 22,927 |
| Food stores | 44,444 | 45,617 | 47,386 | 50,148 | 66,801 | 60,784 | 60,269 | 64,592 | 67,066 | 56,238 |
| Sporting goods, hobby, book and music | - | - | - | - | 33,633 (1) | 29,779 | 35,891 | 40,163 | 38,638 | 40,609 |
| Home furnishings and appliances | 9,143 | 13,545 | 15,126 | 15,073 | 13,717 | 12,363 | 21,785 | 21,745 | 20,849 | 12,394 |
| Building materials and farm tools | 21,943 | 24,894 | 29,142 | 25,252 | 7,008 | 4,871 | 2,735 | 2,704 | 2,819 | 3,654 |
| Miscellaneous retail stores | 58,732 | 64,944 | 72,966 | 73,907 | 28,323 | 23,798 | 26,427 | 26,894 | 27,985 | 25,884 |
| All other outlets | <u>1,916</u> | <u>1,031</u> | <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> |
| Total | \$ <u>150,391</u> | \$ <u>168,208</u> | \$ <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> |
| City direct sales tax rate | 2.25 % | 2.25 % | 2.25 % | 2.25 % | 2.40 % | 2.40 % | 2.40 % | 2.40 % | 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 | |
| 2004 | 0.001871 | 0.000654 | 0.002525 | 0.001220 | 0.000321 | 0.000198 | 0.001180 | 0.005885 | - | 0.011329 |
| 2005 | 0.001748 | 0.000601 | 0.002349 | 0.001170 | 0.000321 | 0.000193 | 0.001132 | 0.005494 | 0.000050 | 0.010709 |
| 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 |

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> |
|--------------------------|---------------------------------|--------------------------|--------------------------|--------------|
| 2005 | 2.25 % | 0.35 % | 4.75 % | 7.35 % |
| 2006 | 2.25 | 0.35 | 4.75 | 7.35 |
| 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 |

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 | 2014 | | | 2005 | | |
|--|------------------------|------|---|------------------------|------|---|
| | 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) | \$ 309,419,000 | 1 | 3.95 % | \$ - | - | - % |
| Marriott Ownership Resorts | 114,504,078 | 2 | 1.46 | 114,504,078 | 1 | 3.30 |
| Deer Valley Resort | 30,892,906 | 3 | 0.39 | 26,453,830 | 2 | 0.76 |
| United Park City Mines | 28,098,000 | 4 | 0.36 | 10,851,646 | 6 | 0.31 |
| Chateaux at Silver Lake | 21,521,376 | 5 | 0.27 | - | - | - |
| Silver Lake Development Corp. | 19,540,360 | 6 | 0.25 | 10,717,706 | 8 | 0.31 |
| Residences at the Chateaux | 16,000,000 | 7 | 0.20 | - | - | - |
| Powder Development Company/PCMR | 15,050,268 | 8 | 0.19 | 13,445,441 | 5 | 0.39 |
| REOF XI LLC | 14,700,000 | 9 | 0.19 | - | - | - |
| Wintzer Wolfe Properties | 14,120,394 | 10 | 0.18 | 8,315,493 | 10 | 0.24 |
| HPC Development | - | - | - | 24,438,185 | 3 | 0.70 |
| George Stefanis | - | - | - | 10,769,676 | 7 | 0.31 |
| Qwest | - | - | - | 13,902,472 | 4 | 0.40 |
| Spring Canyon Associates | - | - | - | 9,673,980 | 9 | 0.28 |
| Totals | \$ <u>583,846,382</u> | | <u>7.44</u> % | \$ <u>243,072,507</u> | | <u>7.00</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 | Original Levy (1) | Adjusted Levy | Collected within the Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | | |
|-----------------------------------|------------------------------|--------------------------|--|---|--|----------------------------------|--------------------------------|--|
| | | | Amount (2) | Percent of Adjusted Levy | | Amount (2) | Percent of Net Levy | |
| <u>Summit County</u> | | | | | | | | |
| 2004 | \$ 8,494,873 | \$ 8,494,873 | \$ 8,488,850 | 99.93% | \$ 6,023 | \$ 8,494,873 | 100.00% | |
| 2005 | 8,578,808 | 8,578,808 | 8,572,693 | 99.93% | 6,115 | 8,578,808 | 100.00% | |
| 2006 | 9,181,881 | 9,173,597 | 8,550,050 | 93.20% | 622,955 | 9,173,005 | 99.99% | |
| 2007 | 9,683,338 | 9,652,714 | 8,946,941 | 92.69% | 705,408 | 9,652,349 | 100.00% | |
| 2008 | 9,714,765 | 9,682,178 | 8,972,113 | 92.67% | 709,872 | 9,681,985 | 100.00% | |
| 2009 | 12,401,579 | 12,194,585 | 11,379,638 | 93.32% | 808,918 | 12,188,556 | 99.95% | |
| 2010 | 12,984,657 | 12,918,445 | 12,060,672 | 93.36% | 843,746 | 12,904,418 | 99.89% | |
| 2011 | 12,750,981 | 14,172,751 | 13,579,302 | 95.81% | 571,994 | 14,151,296 | 99.85% | |
| 2012 | 14,655,626 | 14,480,263 | 13,275,742 | 91.68% | 1,166,355 (3) | 14,442,097 | 99.74% | |
| 2013 | 14,236,860 | 14,217,752 | 13,637,854 | 95.92% | - | 13,637,854 | 95.92% | |
| <u>Wasatch County</u> | | | | | | | | |
| 2004 | \$ 220,601 | \$ 220,601 | \$ 220,601 | 100.00% | \$ - | 220,601 | 100.00% | |
| 2005 | 210,386 | 210,712 | 210,712 | 100.00% | - | 210,712 | 100.00% | |
| 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% | |

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 Flagstaff Annexation, which was corrected in calendar year 2013, and property taxes paid.

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

| 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 |
| 2004 | \$ 8,715,474 | \$ 8,709,451 | 99.93 % | \$ 6,023 | \$ 8,715,474 | 100.00 % |
| 2005 | 8,789,520 | 8,783,405 | 99.93 | 6,115 | 8,789,520 | 100.00 |
| 2006 | 9,363,965 | 8,740,418 | 93.34 | 622,955 | 9,363,373 | 99.99 |
| 2007 | 9,819,625 | 9,113,852 | 92.81 | 705,408 | 9,818,960 | 99.99 |
| 2008 | 9,839,373 | 9,129,308 | 92.78 | 709,872 | 9,839,180 | 100.00 |
| 2009 | 12,482,145 | 11,667,198 | 93.47 | 808,918 | 12,476,116 | 99.95 |
| 2010 | 13,630,425 | 12,772,652 | 93.71 | 843,746 | 13,616,398 | 99.90 |
| 2011 | 14,694,175 | 14,100,726 | 95.96 | 571,994 | 14,672,720 | 99.85 |
| 2012 | 15,063,730 | 13,859,209 | 92.00 | 1,166,355 (2) | 15,025,564 | 99.75 |
| 2013 | 14,823,748 | 14,243,850 | 96.09 | - | 14,243,850 | 96.09 |

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) | Capital Leases | | | | |
| 2005 | \$ 19,915,000 | \$ 5,620,000 | \$ 20,000,000 | \$ - | \$ 731,543 | \$ 7,428,000 | \$ 90,922 | \$ 53,785,465 | 3.42 % | \$ 6,824 | |
| 2006 | 18,570,000 | 4,320,000 | 18,870,000 | - | 686,409 | 11,375,000 (3) | 58,400 | 53,879,809 | 3.31 | 6,680 | |
| 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 (4) | 3,100,000 | 13,235,000 | 2,102,298 | 529,660 | 9,443,000 | - | 64,424,954 | 2.97 | 8,073 | |
| 2010 | 39,375,000 (6) | 2,655,000 | 11,835,000 | 844,981 | 469,385 | 41,236,000 (5) | - | 96,415,366 | 4.17 | 11,869 | |
| 2011 | 36,135,000 | - | 11,915,000 (7) | 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 (8) | - | 88,038,340 | 3.52 | 11,665 | |
| 2013 | 29,701,426 | - | 8,994,028 | - | 2,760,053 | 46,853,772 (9) | - | 88,309,279 | 3.17 | 11,466 | |
| 2014 | 33,018,370 (10) | - | 7,785,764 | - | 2,679,557 | 48,237,837 (11) | - | 91,721,528 | 3.20 | 11,650 | |

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 Water Revenue Bonds Series 2006 for \$4,450,000 in fiscal year 2006.
- (4) The City issued GO Bonds Series 2008 for \$10 million and Series 2009 for \$13.5 million in fiscal year 2009.
- (5) The City issued Water Revenue Bonds Series 2009 and 2010 for \$37.9 million in fiscal year 2010.
- (6) The City issued GO Bonds Series 2010 for \$8.0 million in fiscal year 2010.
- (7) The City issued Sales Tax Bonds Series 2010 for \$1.5 million in fiscal year 2011.
- (8) The City issued Water Revenue Bonds Series 2012 for \$4.2 million in fiscal year 2012.
- (9) The City issued Water Revenue Bonds Series 2012B, 2013A and 2013B for \$8.6 million in fiscal year 2013.
- (10) The City issued GO Bonds Series 2013 for \$9.1 million in fiscal year 2014.
- (11) The City issued Water Revenue Bonds Series 2014 for \$4.1 million in fiscal year 2014.

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

| Fiscal Year | General Bonded Debt | | | | | Total | Percentage of Actual Property Value (2) | Per Capita (3) |
|-------------|------------------------------|---------------------|-------------------------------|-------------------|-------------------|-------------|---|----------------|
| | General Obligation Bonds (1) | Redevelopment Bonds | Sales Tax Increment Bonds (1) | Contracts Payable | | | | |
| 2005 | \$ 19,915,000 | \$ 5,620,000 | \$ 20,000,000 | \$ 731,543 | \$ 46,266,543 | 0.83 % | \$ 5,870 | |
| 2006 | 18,570,000 | 4,320,000 | 18,870,000 | 686,409 | 42,446,409 | 0.69 | 5,262 | |
| 2007 | 17,175,000 | 3,930,000 | 17,000,000 | 637,889 | 38,742,889 | 0.56 | 4,764 | |
| 2008 | 15,720,000 | 3,525,000 | 15,065,000 | 585,730 | 34,895,730 | 0.41 | 4,346 | |
| 2009 | 36,015,000 | 3,100,000 | 13,235,000 | 529,660 | 52,879,660 | 0.53 | 6,627 | |
| 2010 | 39,375,000 | 2,655,000 | 11,835,000 | 469,385 | 54,334,385 | 0.68 | 6,689 | |
| 2011 | 36,135,000 | - | 11,915,000 | 404,589 | 48,454,589 | 0.67 | 6,379 | |
| 2012 | 33,168,627 | - | 10,167,292 | 334,933 | 43,670,852 | 0.55 | 5,787 | |
| 2013 | 29,701,426 | - | 8,994,028 | 2,760,053 | 41,455,507 | 0.53 | 5,382 | |
| 2014 | 33,018,370 | - | 7,785,764 | 2,679,557 | 43,483,691 | 0.55 | 5,523 | |

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) Population and personal income data can be found in Schedule 20.

Schedule 16
Park City Municipal Corporation, Utah
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014

| <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 | | | |
| Summit County | 1,325,000 | 44.50% | 589,625 |
| Park City School District | 7,450,000 | 53.90% | 4,015,550 |
| Weber Basin Water Conservancy District | 23,888,492 | 14.63% | 3,494,886 |
| Other debt | | | |
| Summit County | 16,394,000 | 44.50% | 7,295,330 |
| Weber Basin Water Conservancy District | 85,217,000 | 14.63% | 12,467,247 |
| Subtotal, overlapping debt | | | 27,862,638 |
| City direct debt | | | 43,483,691 |
| Total direct and overlapping | | | \$ 71,346,329 |

Sources: Summit County Annual 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 | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Debt limit | \$ 138,889,430 | \$ 150,448,648 | \$ 179,762,069 | \$ 220,910,526 | \$ 271,346,097 | \$ 242,939,444 | \$ 273,828,091 | \$ 266,103,174 | \$ 269,015,017 | \$ 280,699,514 |
| Total net debt applicable to limit | <u>19,915,000</u> | <u>18,570,000</u> | <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> |
| Legal debt margin | <u>\$ 118,974,430</u> | <u>\$ 131,878,648</u> | <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> |
| Total net debt applicable to the limit as a percentage of debt limit | 14.34% | 12.34% | 9.55% | 7.12% | 13.27% | 16.21% | 13.20% | 12.46% | 11.04% | 11.76% |

Legal Debt Margin Calculation for Fiscal Year 2014

| | |
|--|-------------------------|
| Total assessed value | \$ <u>7,017,487,857</u> |
| Debt limit - 4% of total assessed value | 280,699,514 |
| Amount of debt applicable to debt limits: | |
| General Obligation Bonds 2004, 2008, 2009, 2010 and 2013 | 33,018,370 |
| Less: Amount available for repayment of general obligation bonds | <u>-</u> |
| Total net debt applicable to limit | <u>33,018,370</u> |
| Legal debt margin | <u>\$ 247,681,144</u> |

Notes: Under Utah State Law, Park City's outstanding general obligation debt should not exceed 4 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

| | | Sales Tax Increment Bonds | | | |
|-------------|--------|------------------------------------|---------------------|-----------------|-----------------|
| | | Sales Tax Increment | Debt Service | | Coverage |
| | | | Principal | Interest | |
| 2005 | (1) \$ | 7,847,211 | \$ - | - | - |
| 2006 | | 8,529,883 | 1,130,000 | 837,355 | 4.3 |
| 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 |

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.

(1) Debt issued in fiscal year 2005. No principal and interest payments were scheduled until fiscal year 2006.

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, 2014

| | | Coverage Ratio | |
|---|---------------------|----------------------------|---------------------|
| | | <u>Actual</u> | <u>Minimum</u> |
| Net revenues (change in net position) | \$ 3,644,383 | | |
| Add | | | |
| Excluded transfer to general fund | 633,119 | | |
| Depreciation and amortization | 2,622,360 | | |
| Bond interest expense | 1,414,483 | | |
| Revenues pledged to debt | 8,314,345 | 2.02 | 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 | 1,470,000 | 281,536 | 1,751,536 |
| 2009C Water Revenue Bonds | - | 510,638 | 510,638 |
| 2010 Water Revenue Bonds | 680,000 | 350,512 | 1,030,512 |
| 2012 Water Revenue Bonds | 220,000 | 93,554 | 313,554 |
| 2012B Water Revenue and Refunding Bonds | - | 118,067 | 118,067 |
| 2013 A and B Water Revenue and Refunding Bonds | 215,000 | 56,167 | 271,167 |
| 2014 Water Revenue Bonds | - | 1,509 | 1,509 |
| | <u>\$ 2,710,000</u> | <u>\$ 1,414,483</u> | <u>\$ 4,124,483</u> |
| | | | |
| Less water development fees and capital contributions collected in fiscal year 2014 | | (1,711,058) | |
| Net revenues less development fees and capital contributions | | <u><u>\$ 6,603,287</u></u> | 1.60 1.00 |

| Year | Net Revenue (Loss) | Gross Revenues (Less Development Fees) Available for Debt Service | Total Debt Service | Coverage | Gross Revenue Available for Debt Service | Debt | Coverage |
|-------------|--------------------|---|--------------------|-------------|--|------------------|-------------|
| 2005 | \$ 202,045 | \$ 584,336 | \$ 791,495 | 0.74 | \$ 2,249,083 | \$ 791,495 | 2.84 |
| 2006 | 2,096,796 | 2,457,076 | 789,905 | 3.11 | 4,188,674 | 789,905 | 5.30 |
| 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 |

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> |
|--------------------|-------------------|--|---------------------------------------|-------------------|--------------------------|------------------------------|
| 2005 | 7,882 | \$ 1,571,986 | \$ 45,538 | 32.7 | 4,344 | 5.3 % |
| 2006 | 8,066 | 1,626,716 | 47,933 | 32.7 | 4,411 | 4.0 |
| 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 |

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 | 2014 (1) | | | | 2005 (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) | 2,800 | 750 | 1 | 23.26 | 1,829 | 185 | 1 | 12.26 |
| Park City Mountain Resort | 1,250 | 200 | 2 | 10.38 | 950 | 70 | 2 | 6.37 |
| Park City School District | 692 | 647 | 3 | 5.75 | 249 | 100 | 7 | 1.67 |
| Stein Eriksen Lodge | 530 | 514 | 4 | 4.40 | 499 | 250 | 5 | 3.35 |
| Park City Municipal Corporation | 507 | 342 | 5 | 4.21 | 600 | 400 | 3 | 4.02 |
| IHC/Park City Surgical Center | 499 | 250 | 6 | 4.14 | - | - | - | - |
| Montage Hotels & Resorts, LLC | 499 | 250 | 7 | 4.14 | - | - | - | - |
| Hotel Park City | 249 | 100 | 8 | 2.07 | - | - | - | - |
| Resort Express, Inc. | 249 | 100 | 9 | 2.07 | - | - | - | - |
| Dakota Mountain Lodge | 249 | 100 | 10 | 2.07 | - | - | - | - |
| Talisker Club, LLC | 249 | 100 | 11 | 2.07 | - | - | - | - |
| U.S. Ski & Snow Board Association | 103 | 103 | 12 | 0.86 | 100 | 100 | 11 | 0.67 |
| Fresh Market (Albertson's) | - | - | - | - | 249 | 100 | 8 | 1.67 |
| Jan's Mountain Outfitters | - | - | - | - | 250 | 100 | 6 | 1.68 |
| Sunstone Hotel/Marriott Park City | - | - | - | - | 129 | 129 | 9 | 0.87 |
| Premier Resorts of Utah | - | - | - | - | 600 | 300 | 4 | 4.02 |
| Dan's Foods | - | - | - | - | 100 | 85 | 10 | 0.67 |
| Total | 7,378 | 3,256 | | 65.41 % | 5,555 | 1,819 | | 37.25 % |

Note: (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

| Function | Full-time Equivalent Employees | | | | | | | | | |
|-------------------------------|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| General government | | | | | | | | | | |
| Executive | 3.0 | 3.0 | 3.0 | 4.0 | 3.5 | 4.5 | 4.5 | 5.1 | 5.5 | 5.1 |
| Finance | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.7 |
| Human resources | 5.6 | 5.6 | 7.0 | 7.0 | 7.0 | 7.0 | 6.9 | 6.9 | 5.3 | 5.1 |
| Budget, debt and grants | 3.3 | 3.3 | 3.3 | 3.3 | 3.0 | 2.0 | 2.0 | 2.0 | 1.3 | 3.0 |
| Planning | 7.5 | 6.5 | 7.5 | 6.0 | 7.0 | 7.0 | 6.0 | 7.0 | 7.0 | 8.0 |
| Building | 14.8 | 14.8 | 14.8 | 15.8 | 15.8 | 15.8 | 14.8 | 13.0 | 13.0 | 13.0 |
| Engineering | 3.0 | 3.0 | 2.5 | 2.5 | 2.5 | 3.0 | 3.0 | 2.8 | 2.7 | 2.8 |
| Legal | 7.1 | 7.1 | 6.8 | 7.8 | 7.8 | 7.8 | 7.8 | 7.8 | 7.0 | 7.0 |
| Sustainability | - | - | - | - | - | 6.0 | (1) 6.0 | 9.8 | 9.7 | 10.9 |
| I.T. | - | - | - | - | - | - | 9.8 | (2) 9.8 | 10.8 | 9.5 |
| Other | 16.3 | 21.1 | 19.3 | 22.8 | 23.3 | 14.9 | 5.5 | 5.0 | 5.1 | 5.0 |
| Public safety | | | | | | | | | | |
| Police | 32.9 | 32.1 | 32.6 | 34.8 | 34.8 | 35.2 | 34.9 | 34.0 | 33.9 | 34.6 |
| Communication center | 8.5 | 8.5 | 8.5 | 9.0 | 9.0 | 10.0 | 10.0 | 10.0 | 10.4 | 10.4 |
| Other | 0.6 | 1.4 | 1.4 | 1.2 | 1.2 | 1.4 | 1.5 | 1.5 | 1.5 | 1.5 |
| Public works | | | | | | | | | | |
| Transit | 43.1 | 55.4 | 62.5 | 63.5 | 73.8 | 76.3 | 81.8 | 82.5 | 82.9 | 80.8 |
| Fleet services | 7.3 | 8.8 | 8.8 | 8.8 | 8.5 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Parking | - | - | - | - | - | - | - | - | - | 7.8 |
| Street maintenance | 16.0 | 16.0 | 15.8 | 15.8 | 15.6 | 16.7 | 17.5 | 17.5 | 17.5 | 17.4 |
| Parks and cemetery | 18.6 | 19.9 | 18.1 | 18.8 | 18.8 | 17.2 | 17.3 | 18.8 | 18.2 | 18.2 |
| Administration | 3.0 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | - | - | - | - |
| Other | 12.2 | 11.7 | 16.2 | 11.1 | 10.9 | 10.7 | 9.6 | 9.6 | 9.6 | 9.0 |
| Library and recreation | | | | | | | | | | |
| Library | 10.5 | 11.6 | 11.6 | 11.2 | 11.2 | 11.2 | 11.2 | 11.4 | 11.4 | 11.4 |
| Golf | 8.8 | 7.2 | 7.0 | 7.0 | 6.8 | 6.3 | 5.7 | 5.5 | 5.4 | 5.2 |
| Recreation | 25.9 | 25.9 | 26.2 | 27.8 | 28.1 | 28.3 | 27.4 | 27.3 | 29.9 | 29.7 |
| Tennis | 6.5 | 7.1 | 7.0 | 6.0 | 7.7 | 7.7 | 6.9 | 7.4 | 7.9 | 4.0 |
| Ice | - | - | 5.5 | 10.2 | 10.4 | 11.4 | 11.0 | 11.0 | 9.0 | 8.4 |
| Water | | | | | | | | | | |
| Water billing | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Water operations | 13.8 | 14.0 | 15.3 | 15.3 | 16.5 | 17.5 | 17.5 | 17.6 | 21.9 | 21.9 |
| Total | 275.9 | 294.3 | 310.5 | 320.0 | 333.5 | 336.2 | 334.4 | 339.1 | 342.7 | 345.1 |

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.

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 |
| | 2004 | 7,478 | - | 34,073 | - |
| | 2005 | 7,882 | 5.40 | 34,073 | - |
| | 2006 | 8,066 | 2.33 | 36,871 | 8.21 |
| | 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 |

Age distribution of 2013 population:

| Age | Number | Percent |
|---------------|--------------|-----------------|
| Under 5 Years | 496 | 6.30 % |
| 5-14 | 1,165 | 14.80 |
| 15-24 | 1,071 | 13.60 |
| 25-34 | 1,031 | 13.10 |
| 35-44 | 1,386 | 17.60 |
| 45-54 | 1,173 | 14.90 |
| 55-64 | 1,055 | 13.40 |
| 65-74 | 417 | 5.30 |
| 75-84 | 79 | 1.00 |
| 85 and over | 0 | 0.00 |
| | 7,873 | 100.00 % |

Median age: 34.9

Sources: U.S. Census Bureau, 2008-2012 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> |
|--------------------|--------------------------------|-----------------------------|--------------------------|
| 2005 | 25,133 | 7,882 | 319 % |
| 2006 | 27,779 | 8,066 | 344 |
| 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 |

Sources: Park City Chamber/Visitor Bureau, August 2013

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> |
|--------------------|--------------------------------------|---------------------------------|-------------------------------|---------------------------------|----------------------------|---------------------------------|
| 2005 | \$ 3,892,401 | 14.5 % | \$ 3,954,810 | 25.2 % | \$ 7,847,211 | 19.6 % |
| 2006 | 4,268,697 | 9.7 | 4,261,186 | 7.7 | 8,529,883 | 8.7 |
| 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 |

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 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Police | | | | | | | | | | |
| Physical arrests | 652 | 618 | 627 | 521 | 528 | 577 | 583 | 468 | 616 | 623 |
| Parking citations | 460 | 1,207 | 1,358 | 771 | 568 | 295 | 102 | 342 | 326 | 219 |
| Traffic citations | 1,631 | 1,400 | 1,052 | 1,980 | 2,546 | 2,044 | 1,984 | 963 | 950 | 904 |
| Public works | | | | | | | | | | |
| Street resurfacing (tons of asphalt) | 6,000 | 4,650 | 3,026 | 3,636 | 3,301 | 3,810 | 5,500 | 4,616 | 4,616 | 5,133 |
| Potholes repaired | 150 | 150 | 200 | 200 | 200 | 250 | 275 | 235 | 230 | 240 |
| Water | | | | | | | | | | |
| Number of customers | 4,706 | 4,805 | 4,918 | 5,059 | 5,095 | 5,122 | 5,161 | 5,171 | 5,180 | 5,203 |
| New connections | 95 | 96 | 143 | 141 | 80 | 27 | 26 | 10 | 22 | 37 |
| Water main breaks | 11 | 18 | 11 | 21 | 10 | 10 | 10 | 23 | 12 | 12 |
| Average daily consumption (Tgal) | 3,764 | 4,381 | 4,713 | 4,312 | 4,390 | 4,119 | 4,152 | 4,915 | 4,822 | 4,660 |
| Peak daily consumption (Tgal) | 7,199 | 8,626 | 8,446 | 8,907 | 8,682 | 8,527 | 8,120 | 8,529 | 8,873 | 8,820 |
| Average monthly billings (3/4" meter) | 21.36 | 46.15 | 46.40 | 46.87 | 47.99 | 54.68 | 54.82 | 57.61 | 82.51 | 86.22 |
| Residential billing rates | | | | | | | | | | |
| Base rate (per 3/4" meter) | 12.96 | 15.55 | 16.17 | 16.82 | 20.86 | 23.36 | 25.23 | 28.26 | 33.35 | 39.35 |
| Base rate (per 1" meter) | 17.50 | 21.00 | 21.84 | 22.71 | 28.16 | 31.54 | 34.06 | 45.02 | 45.02 | 53.12 |
| Base rate (per 1-1/2" meter) | 20.74 | 24.89 | 25.89 | 26.93 | 33.39 | 37.40 | 40.39 | 53.38 | 53.38 | 62.99 |
| Rate per Tgal (winter months only) | 2.27 | 1.94 | 2.83 | 2.94 | 3.65 | 4.09 | 4.42 | 5.84 | 5.84 | 6.89 |
| Commercial billing rates | | | | | | | | | | |
| Base rate (per 3/4" meter) | 16.85 | 20.22 | 21.03 | 21.87 | 27.12 | 30.37 | 32.80 | 43.35 | 43.35 | 51.15 |
| Base rate (per 1" meter) | 28.51 | 34.21 | 35.58 | 37.00 | 45.88 | 51.39 | 55.50 | 73.35 | 73.35 | 86.55 |
| Base rate (per 1-1/2" meter) | 60.91 | 73.09 | 76.01 | 79.05 | 98.02 | 109.78 | 118.56 | 156.69 | 156.69 | 184.89 |
| Base rate (per 2" meter) | 127.00 | 152.40 | 158.50 | 164.84 | 204.40 | 228.93 | 247.24 | 326.75 | 326.75 | 385.57 |
| Base rate (per 3" meter) | 330.48 | 396.58 | 412.44 | 428.94 | 531.89 | 595.72 | 643.38 | 850.30 | 850.30 | 1,003.35 |
| Base rate (per 4" meter) | 600.05 | 720.06 | 748.86 | 778.81 | 965.72 | 1,081.61 | 1,168.14 | 1,543.82 | 1,543.82 | 1,821.71 |
| Base rate (per 6" meter) | 1,131.41 | 1,357.69 | 1,411.99 | 1,468.47 | 1,820.90 | 2,039.41 | 2,202.56 | 2,910.19 | 2,910.19 | 3,434.02 |
| Base rate (per 8" meter) | 1,947.89 | 2,337.47 | 2,430.96 | 2,528.20 | 3,134.97 | 3,511.17 | 3,792.06 | 5,011.59 | 5,011.59 | 5,913.67 |
| Rate per 1,000 gallons | 2.27 | 2.72 | 2.83 | 2.94 | 3.65 | 4.09 | 4.42 | 5.84 | 5.84 | 6.89 |
| Building activity | | | | | | | | | | |
| Building permits issued | 989 | 1,186 | 1,197 | 911 | 895 | 845 | 903 | 984 | 1,615 | 1,432 |
| Number of residential units | 247 | 220 | 276 | 136 | 286 | 30 | 17 | 24 | 40 | 51 |
| Residential value (in thousands) | 75,681 | 70,340 | 109,477 | 50,672 | 40,621 | 13,724 | 9,429 | 15,673 | 21,260 | 40,646 |
| Commercial value (in thousands) | 11,985 | 36,950 | 3,151 | 18,414 | 8,369 | - | 8,929 | 198 | 173 | 14,420 |
| Parks and recreation | | | | | | | | | | |
| Racquet club passes | 2,539 | 2,370 | 2,586 | 2,604 | 2,528 | 2,263 | 1,368 (1) | 3,304 (2) | 5,037 | 7,038 |
| Golf rounds | 25,512 | 29,575 | 28,130 | 27,450 | 30,202 | 25,912 | 25,852 | 29,282 | 30,151 | 30,887 |
| Library | | | | | | | | | | |
| Total volumes borrowed | 77,798 | 72,155 | 79,814 | 80,970 | 83,545 | 85,655 | 89,174 | 93,626 | 91,955 | 79,709 (3) |
| Circulation per capita | 10 | 9 | 10 | 10 | 10 | 11 | 12 | 12 | 12 | 10 |
| Transit | | | | | | | | | | |
| Total route miles | 946,600 | 931,050 | 1,014,607 | 1,041,987 | 1,033,806 | 1,075,422 | 1,051,995 | 1,111,456 | 1,113,567 | 1,116,067 |
| Passengers | 1,622,618 | 1,815,558 | 1,941,431 | 2,153,102 | 1,956,770 | 1,857,947 | 1,965,455 | 1,934,382 | 1,882,533 | 1,823,459 |

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, was due to the relocation of the Library to temporary facilities, during the renovation of existing facility.

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

| Function | Fiscal Year | | | | | | | | | |
|-------------------------|-------------|--------|--------|--------|------------|--------|--------|--------|--------|--------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| City Area (sq. miles) | 13 | 13 | 13 | 13 | 18 | 18 | 18 | 18 | 18 | 18 |
| Police station | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Transit buses | 32 | 33 | 30 | 29 | 29 | 40 | 37 | 36 | 36 | 36 |
| Public works | | | | | | | | | | |
| Streets (lane miles) | 109 | 111 | 124 | 127 | 111 (1) | 111 | 111 | 111 | 111 | 126 |
| Street lights | 515 | 523 | 530 | 542 | 530 | 530 | 530 | 545 | 545 | 712 |
| Water | | | | | | | | | | |
| Fire hydrants | 855 | 975 | 975 | 1,023 | 1,040 | 1,056 | 1,100 | 1,105 | 1,105 | 1,105 |
| Water mains (miles) | 110 | 110 | 110 | 117 | 119 | 127 | 130 | 131 | 132 | 135 |
| Storage capacity (Tgal) | 11,650 | 11,650 | 13,650 | 14,650 | 14,650 | 14,650 | 14,650 | 14,650 | 13,650 | 13,650 |
| Recreation and culture | | | | | | | | | | |
| Acreage | 199 | 199 | 220 | 220 | 220 | 223 | 223 | 223 | 223 | 223 |
| Parks | 36 | 36 | 37 | 37 | 38 | 40 | 40 | 40 | 40 | 40 |
| Covered picnic areas | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Tennis courts | 13 | 13 | 13 | 13 | 13 | 9 | 9 | 13 | 13 | 14 |
| Soccer fields | 4 | 4 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Baseball diamonds | 7 | 7 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Library | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Volumes in library | 53,991 | 55,645 | 58,103 | 55,902 | 64,474 (2) | 67,626 | 71,164 | 82,291 | 74,071 | 85,138 |
| Golf course | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Ice Rink | - | 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, 2014

| <u>COMPANY & COVERAGE TYPE, POLICY #</u> | <u>LIMITS</u> | <u>EXPIRATION</u> | <u>PREMIUM</u> | <u>DEDUCTIBLE</u> |
|--|----------------|-------------------|----------------|----------------------|
| AFFILIATED FM (Property Coverage) SF266 | \$ 115,616,439 | 1/1/2015 | \$ 168,017 | |
| Flood | | | | \$ 500,000 |
| Earthquake | | | | \$ 100,000 |
| Boiler | | | | \$ 10,000 |
| Machinery | | | | \$ 10,000 |
| Motor Vehicles | | | | \$ 1,000,000 |
| ST. PAUL/TRAVELERS (Crime Policy) 105540277 | \$ 525,000 | 1/1/2015 | \$ 3,600 | \$ 5,000 |
| WORKERS COMPENSATION FUND (Workers Compensation) 1638608 | \$ 1,000,000 | 1/1/2015 | \$ 171,625 | - |
| STATES (General Liability, Automobile Liability, Employment Practice Liability, Law Enforcement Liability and Public Officials Errors & Omission Liability) SEL 3015710 | \$ 5,000,000 | 1/1/2015 | \$ 137,252 | \$ 250,000 |
| BEAZLEY (Cyber Insurance) W1476D140101 | \$ 5,000,000 | 1/1/2015 | \$ 39,572 | \$25,000 - \$100,000 |

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

| | Fiscal Year Ended June 30 | | | | |
|---|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2013 | 2012(2) | 2011 | 2010 |
| ASSETS | | | | | |
| Cash, cash equivalents and investments held by city | \$ 73,540,217 | \$ 64,485,816 | \$ 59,281,727 | \$ 62,312,830 | \$ 60,961,902 |
| Cash, cash equivalents and investments held by fiscal agent | 5,104,820 | 7,216,764 | 4,793,982 | 8,405,935 | 20,762,698 |
| Restricted cash, cash equivalents and investments, other | 6,866,835 | 661,306 | 1,095,260 | 5,991,890 | 10,098,964 |
| Receivables: | | | | | |
| Taxes | 20,432,310 | 19,917,948 | 19,561,554 | 19,820,736 | 18,251,542 |
| Accounts | 2,785,397 | 3,144,039 | 6,482,744 | 1,985,972 | 3,555,523 |
| Notes receivable | 1,578,341 | 5,102,467 | 5,098,452 | 2,114,564 | 3,020,183 |
| Inventories | 1,036,104 | 991,256 | 987,743 | 482,352 | 481,899 |
| Prepays | 510,634 | 576,195 | 462,609 | 13,333 | 13,333 |
| Capital assets not being depreciated: | | | | | |
| Land and building held for resale | - | - | - | 5,500,610 | 6,121,517 |
| Land and water rights | 121,920,236 | 118,270,236 | 114,288,596 | 114,288,596 | 114,307,760 |
| Construction in progress | 8,791,078 | 5,014,332 | 1,859,326 | 28,632,404 | 16,683,483 |
| Art | 710,570 | 693,570 | 602,460 | 479,271 | 479,271 |
| Capital assets (net of accumulated depreciation): | | | | | |
| Buildings | 39,400,441 | 39,930,136 | 41,341,050 | 23,522,721 | 24,693,604 |
| Improvements other than buildings | 67,054,006 | 64,429,548 | 64,536,753 | 52,773,583 | 43,976,685 |
| Vehicles and equipment | 15,585,814 | 16,920,781 | 18,214,619 | 11,104,322 | 11,946,335 |
| Infrastructure | 26,782,596 | 26,346,422 | 27,786,910 | 23,400,034 | 23,263,832 |
| Intangibles | 5,506,939 | 5,498,064 | 5,532,368 | 5,004,772 | 5,024,005 |
| Unamortized bond issuance costs | - | - | - | 1,121,118 | 1,204,436 |
| Total assets | <u>397,606,338</u> | <u>379,198,880</u> | <u>371,926,153</u> | <u>366,955,043</u> | <u>364,846,972</u> |
| Deferred outflows of resources | | | | | |
| Deferred outflows of resources-deferred charge on refunding | 22,977 (1) | 30,727 (1) | 38,477 (1) | - | - |
| Total deferred outflows of resources | <u>\$ 22,977</u> | <u>\$ 30,727</u> | <u>\$ 38,477</u> | <u>\$ -</u> | <u>\$ -</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 4,806,266 | \$ 2,921,491 | \$ 2,839,106 | \$ 4,450,413 | \$ 3,141,235 |
| Accrued liabilities | 2,836,990 | 2,674,816 | 2,680,257 | 3,021,186 | 2,883,518 |
| Long-term debt due within one year: | | | | | |
| Compensated absences | 391,796 | 363,362 | 366,127 | 374,219 | 374,315 |
| Contracts payable | 2,586,533 | 80,496 | 74,880 | 69,656 | 64,796 |
| General obligation bonds | 3,655,000 | 3,520,000 | 3,425,000 | 3,325,000 | 3,240,000 |
| Revenue bonds | 4,040,000 | 3,910,000 | 3,752,000 | 3,620,981 | 3,785,000 |
| Deposits | - | - | - | - | 402,650 |
| Unearned revenues | - | - | - | 17,546,341 | 16,084,063 |
| Long-term debt due in more than one year: | | | | | |
| Compensated absences | 491,221 | 442,171 | 435,239 | 407,809 | 367,975 |
| Contracts payable | 93,024 | 2,679,557 | 260,053 | 334,933 | 404,589 |
| General obligation bonds | 29,363,370 | 26,181,426 | 29,743,627 | 33,210,828 | 36,578,029 |
| Revenue bonds | 51,983,601 | 51,937,800 | 50,782,780 | 50,242,352 | 54,993,501 |
| Total liabilities | <u>100,247,801</u> | <u>94,711,119</u> | <u>94,359,069</u> | <u>116,603,718</u> | <u>122,319,671</u> |
| Deferred inflows of resources | | | | | |
| Deferred inflows of resources-property taxes | 17,437,568 (1) | 16,973,817 (1) | 17,012,000 (1) | - | - |
| Total deferred inflows of resources | <u>17,437,568</u> | <u>16,973,817</u> | <u>17,012,000</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 208,942,336 | 200,625,551 | 192,939,010 | 185,157,637 | 171,776,884 |
| Restricted for: | | | | | |
| Water development | - | - | 449,859 | 2,213,200 | 3,489,981 |
| Capital projects | 6,882,935 | 3,191,412 | 1,262,141 | 8,395,404 | 22,575,948 |
| Debt service | 5,088,720 | 4,686,658 | 4,177,242 | 3,789,221 | 4,395,733 |
| Other | 46,402 | 47,776 | 36,517 | 31,258 | - |
| Unrestricted | 58,983,553 | 58,993,274 | 61,728,792 | 50,764,605 | 40,288,755 |
| Total net position | <u>279,943,946</u> | <u>267,544,671</u> | <u>260,593,561</u> | <u>250,351,325</u> | <u>242,527,301</u> |
| Total liabilities and deferred inflows of resources and net position | <u>\$ 397,629,315</u> | <u>\$ 379,229,607</u> | <u>\$ 371,964,630</u> | <u>\$ 366,955,043</u> | <u>\$ 364,846,972</u> |

Source: Information extracted from the City's fiscal years ended June 30, 2010 through 2014 general purpose financial statements.

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

(2) Restated

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

**Park City Municipal Corporation, Utah
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

| Federal Grantor Agency or Pass Through Entity | Federal CFDA Number | Grant Number | 2014 Expenditures |
|---|---------------------------|-----------------------|----------------------------|
| U.S. Department of Transportation | | | |
| Pass Through Utah Department of Transportation | | | |
| Nonurbanized Area Formula Program | 20.509 | UT-18-X001 | \$ 1,649,174 |
| Nonurbanized Area Formula Program | 20.515 | 148125 | 16,078 |
| Direct Federal Transit Administration Capital Grants | 20.500 | UT-04-0021-00 | 1,162,709 |
| | | Subtotal | <u>2,827,961</u> |
| Department of Homeland Security | | | |
| Pass Through Utah Department of Public Safety | | | |
| Emergency Management Performance Grant | 97.042 | EMPG-2013-DEM | 18,750 |
| Emergency Management Performance Grant | 97.042 | EMPG Project-2012-DEM | 10,000 |
| Pass Through Summit County | | | |
| State Homeland Security Pass Through Grant FY13 | 97.042 | | 13,859 |
| | | Subtotal | <u>42,609</u> |
| U.S. Department of Agriculture | | | |
| Conservation Reserve Program | 10.069 | UT-49043-189 | 2,113 |
| The Institute of Museum and Library Services | | | |
| Pass Through Utah Department of Heritage and Arts | | | |
| Library Services and Technology Act (LSTA) Grant | 45.310 | USL14-0101 | 500 |
| U.S. Department of Justice | | | |
| Pass Through Utah Office for Victims of Crime | | | |
| Victim of Crime Act (VOCA) Grant | 16.017 | 13-VOCA-44 | 22,280 |
| Bulletproof Vest Partnership Program | 16.607 | BJA-FY2011-RF | 3,500 |
| Justice Assistance Grant (JAG) - Block Grant | 16.738 | 13A154 | 7,419 |
| | | Subtotal | <u>33,199</u> |
| U.S. Department of Interior/National Parks Service | | | |
| Pass Through Utah Department of Community and Culture | | | |
| Historic Preservation Grant | 15.904 | 1016HSTY0016 | 3,846 |
| Environmental Protection Agency | | | |
| State and Tribal Assistance Grant (STAG) | 66.606 | XP-98888001-5 | <u>485,097</u> |
| Total Federal Awards | | | \$ <u>3,395,325</u> |

Park City Municipal Corporation, Utah
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Note 1. Reporting Entity

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

Note 2. Basis of Presentation

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

The information in the schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Park City Municipal Corporation, Utah
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014**

Section I - Summary of Auditors' Results:

Financial Statements:

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

Federal Awards:

| | |
|---|---------------|
| Internal control over major programs: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| Type of auditors' report issued on compliance for major programs | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? | None reported |

Identification of major programs:

| | |
|---|---|
| CFDA Number | 20.500 |
| Name of Federal Program or Cluster | U.S. Department of Transportation, Transit Administration Capital Grants |
| CFDA Number | 66.606 |
| Name of Federal Program or Cluster | Environmental Protection Agency State and Tribal Assistance Grant |
| Dollar threshold used to distinguish between Type A and Type B programs | \$300,000 |
| Auditee qualified as low-risk auditee? | Yes |

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States None reported

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) None reported

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

Members of the City Council
Park City Municipal Corporation, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Park City Municipal Corporation (the City) as of and for the year ended June 30, 2014, 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 11, 2014.

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.

Penny Bowler Taylor & Kern

Salt Lake City, Utah
December 11, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Members of the City Council
Park City Municipal Corporation, Utah

We have audited the compliance of the Park City Municipal Corporation (the City) with the types of compliance requirements described in the Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Auditors' Responsibility. Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program. In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance. The City's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

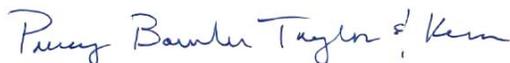
A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133. We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 11, 2014, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Salt Lake City, Utah
December 11, 2014

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 the compliance of the Park City Municipal Corporation (the City) with the applicable general state and major state program 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 or each of its major state programs for the year ended June 30, 2014.

General state compliance requirements were tested for the year ended June 30, 2014 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Transfers from Utility Enterprise Funds
- Cash Management
- Impact Fees
- Government Records Access Management Act (GRAMA)

The City received state funding from the following program classified as a major program for the year ended June 30, 2014:

- B&C Road Funds
- Street Improvements- HB 377

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

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 or its major state programs 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 and for each major state program. 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, 2014.

Other Matters

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

Report On Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 or on each major state program 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 for each major state program 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 or major state program 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 or major state program 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.

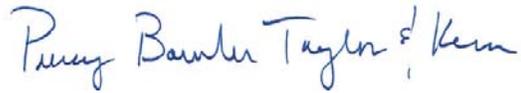
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Report on Schedule of Expenditures of State Awards as Required by the *State Compliance Audit Guide*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 11, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State*

Compliance Audit Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Salt Lake City, Utah
December 11, 2014

**Park City Municipal Corporation, Utah
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2014**

| State Agency | Grant/Agreement | Description | Date Last Audited | 2014 Expenditures |
|--|-----------------|---|-------------------|-----------------------------------|
| Utah Department of Public Safety | | | | |
| Alcohol and Drug Fee Grants Committee | | Police DUI Overtime | | \$ 3,380 |
| Alcohol and Drug Fee Grants Committee | | ADFG DUI Equipment | | 5,000 |
| | | Subtotal | | <u>8,380</u> |
| Department of Heritage and Arts | | | | |
| State Library Division | USL13-0015 | OCLC Cat & ILL (Lend Support) | | 7,294 |
| Governor's Office of Economic Development | | | | |
| Park City Main Street Improvements - HB 377 | 14-2002 | HB 377 Transportation Funding Modifications - Main Street Improvements | | 970,020 |
| Utah Department of Transportation | | | | |
| B & C Road Funds | | Class B & C Road Funds | 2013 | 325,541 |
| Utah Department of Alcoholic Beverage | | | | |
| State Liquor Funds | | State Liquor Funds | | 60,819 |
| Utah Department of Health | | | | |
| Tobacco Prevention and Control Program | | Special Revenue Tobacco Compliance | | <u>500</u> |
| Total State Awards | | | | \$ <u><u>1,372,554</u></u> |