

# Comprehensive Annual Financial Report



**Park City Municipal Corporation, Utah  
Fiscal Year Ended June 30, 2013**

# **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, 2013**

**Prepared by:  
Finance Department**

**Lori W. Collett  
Finance Manager**

**Rebecca Gillis  
Accounting Manager**

**Marina Smith  
Analyst**

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**June 30, 2013**

**C O N T E N T S**

Page

**INTRODUCTORY SECTION**

Transmittal Letter	i
Principal Officials	x
Organization Chart	xi
Certificate of Achievement	xii

**FINANCIAL SECTION**

Independent Auditors' Report on Financial Statements and Supplementary Information	2
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	23
Statement of Activities	25
Governmental Fund Financial Statements	
Balance Sheet	29
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	30
Statement of Revenues, Expenditures, and Changes in Fund Balances	31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	32
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	33
Proprietary Fund Financial Statements	
Statement of Net Position	35
Reconciliation of the Statement of Net Position – Proprietary Funds to the Statement of Net Position	36
Statement of Revenues, Expenses, and Changes in Net Position	37
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds to the Statement of Activities	38
Statement of Cash Flows	39
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	41
Notes to the Basic Financial Statements	
Note A – Summary of Significant Accounting Policies	43
Note B – Cash, Cash Equivalents and Investments	52
Note C – Notes Receivable	56
Note D – Capital Assets	57
Note E – Long-Term Obligations	59
Note F – Retirement Plans	70
Note G – Defined Contribution Plans	71

(Continued)

C O N T E N T S - Continued

Page

Note H – Commitments and Contingencies	72
Note I – Intergovernmental Revenues	72
Note J – Interfund Loans	72
Note K – Risk Management	73
Note L – Budget Reconciliation	73
Note M – Interfund Transfers	74
Note N – Taxes	74
Note O – Unavailable Revenue	75
Note P – Conduit Debt	75
Note Q – Pollution Remediation	75
Note R – Restatements	77
Note S – Subsequent Events	77
Supplementary Information – Combining and Individual Non-Major Fund Statements And Schedules	
Governmental Funds	
Non-Major Governmental Funds	
Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	81
Budgetary Comparison Schedules	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Sales Tax Revenue and Refunding Bonds Debt Service Fund	82
General Obligation Debt Service Fund	83
Capital Improvements Fund	84
Lower Park Avenue Redevelopment Capital Projects Fund	85
Main Street Redevelopment Capital Projects Fund	86
Municipal Building Authority Capital Projects Fund	87
Equipment Replacement Capital Improvements Fund	88
Internal Service Funds	
Combining Statement of Net Position	90
Combining Statement of Revenues, Expenses and Changes in Net Position	91
Combining Statement of Cash Flows	92
Fiduciary Fund	
Statement of Changes in Assets and Liabilities	94

(Continued)

**STATISTICAL SECTION**

Schedule 1 – Net Position by Component	96
Schedule 2 – Changes in Net Position	97
Schedule 3 – Fund Balances of Governmental Funds	99
Schedule 4 – Changes in Fund Balances of Governmental Funds	100
Schedule 5 – General Government Tax Revenues by Source	101
Schedule 6 – Assessed Value of Taxable Property Excluding Fee-In-Lieu	102
Schedule 7 – Assessed Value of Taxable Property Including Fee-In-Lieu	103
Schedule 8 – Taxable Sales by Category	104
Schedule 9 – Direct and Overlapping Property Tax Rates	105
Schedule 10 – Direct and Overlapping Sales Tax Rate	106
Schedule 11 – Principal Property Taxpayers	107
Schedule 12 – City Tax Revenue Collected by County	108
Schedule 13 – Property Tax Levies and Collections	109
Schedule 14 – Ratios of Outstanding Debt by Type	110
Schedule 15 – Ratios of General Bonded Debt Outstanding	111
Schedule 16 – Direct and Overlapping Governmental Activities Debt	112
Schedule 17 – Legal Debt Margin Information	113
Schedule 18 – Pledged-Revenue Coverage	114
Schedule 19 – Water Fund Refunding Revenue Bonds	115
Schedule 20 – Demographic and Economic Statistics	116
Schedule 21 – Principal Employers	117
Schedule 22 – Full-time Equivalent City Government Employees by Function	118
Schedule 23 – Population Statistics	119
Schedule 24 – Transient Room Capacity as a Percentage of Population	120
Schedule 25 – Historical Pledged Taxes	121
Schedule 26 – Operating Indicators by Function	122
Schedule 27 – Capital Asset Statistics by Function	123
Schedule 28 – Schedule of Insurance in Force	124
Schedule 29 – Five-Year Financial Summaries	125

(Continued)

C O N T E N T S - Continued

Page

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

Schedule of Expenditures of Federal Awards	127
Notes to Schedule of Expenditures of Federal Awards	128
Schedule of Findings and Questioned Costs	129
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 <i>Government Auditing Standards</i>	130
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	132
Independent Auditors' Report on Compliance with the State of Utah Legal Compliance Guidelines	134

**INTRODUCTORY  
SECTION**

THIS PAGE LEFT BLANK INTENTIONALLY



## Finance

December 12, 2013

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, 2013.

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, 2013, are fairly presented and free of any material misstatement. Audit procedures included extensive testing and analysis of transactions, balances and systems. The unqualified ("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, 2013, 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 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. 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 7,702.

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 2013 Freestyle Ski World Cup event for the seventh year in a row in February 2013. 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 thirteen consecutive years that Deer Valley has finished in the top three. The Park City Mountain Resort is located in the heart of Park City. The resort, which celebrated its 50-year anniversary in 2013, was ranked number five, overall, and the best resort for a family vacation. The Canyons Resort, placed tenth, which made the second 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 4.0 percent. The current State of Utah rate is 4.7 percent and the national rate is 7.3 percent.

## **Economic Trends**

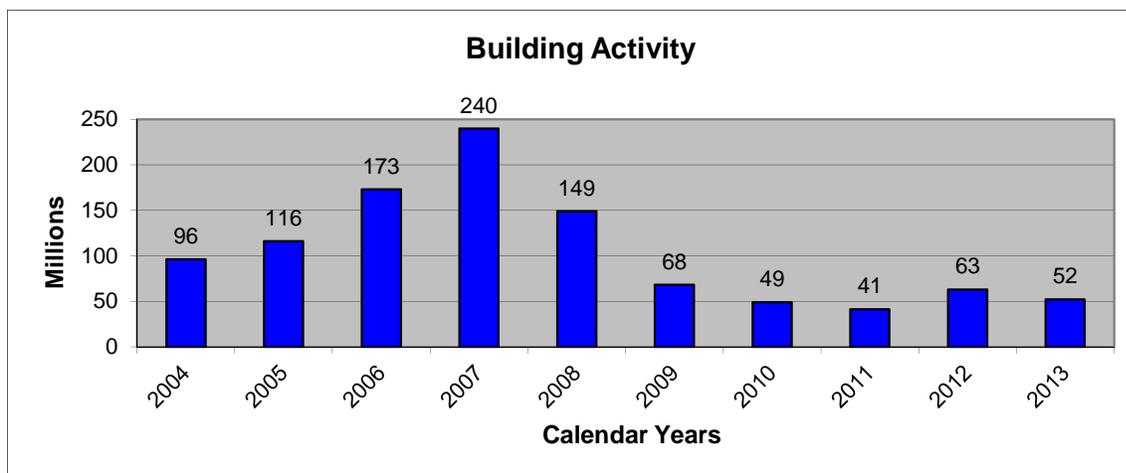
Growth has accelerated in the last decade, and Park City now stands as one of the most affluent and lively resort towns in the United States. Wikipedia.com refers to Park City as, “One of the wealthiest cities in the United States”. Park City has seen some strong growth over the past seven years in the 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 U.S. skier visits during the past winter were up 11.0 percent from the 2011-2012 season. Total statewide skier days were 4,031,621, up 5.4 percent from the 2011-2012 season, ending above four million for the sixth time in the last eight years. Overall, Park City has seen better numbers than the state average, but not this year, due to a below average snowfall. The 2012-2013 season, was the second year in a row that the Park City area resorts experienced a decline in skier visits. Park City resorts claim approximately 44.2 percent of the total Utah market share, 1,782,878 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 eleventh 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 139 restaurants, 186 shops, 17 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 City has a nightly capacity for 28,275 guests. In the last ten year’s nightly capacity has increased by 14.4 percent. Please see Schedule 24 on page 120 of the Statistical Section of this report.

The Sundance Film Festival made its 32<sup>nd</sup> annual appearance in Park City in January 2013. A recent study by the University of Utah’s Bureau of Economic and Business Research reveals the 2013 festival generated an overall economic impact of \$88.5 million for the State of Utah, up from 2012, 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 ski weekend, 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. It is estimated that the cultural event attracted over 45,947 attendees this year, down slightly from the 2012 attendance of 46,731 with an estimated 65.3 percent coming from out of state.

The Kimball Arts Center sponsored its 43rd annual three-day Park City Arts Festival in August 2012. 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 57,500 visitors. This was an increase of 4.5 percent over the previous year. The festival featured 214 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 \$104.7 million per year. In the first nine months of calendar year 2013, approximately 41.3 percent of the \$51.6 million in building activity has been in residential construction. The remaining 58.7 percent consists of remodeling, expanding and miscellaneous construction. The residential construction total valuation of approximately \$20.0 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 2013 number is from January 2013 through September 2013 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 \$476,667 in the Park Meadows area to an average of \$1,050,000 for lots in Deer Crest. Condominiums range in average sales price from \$148,089 to \$3,333,750, depending upon location. Depending upon the area, single-family homes range from an average sales price of \$673,772 to \$5,607,500. Overall, in the last year the volume of single-family homes sold increased 16.0 percent and the median sales price increased 10.0 percent. Condominium sales showed a volume increase of 7.4 percent, but the median sales price was down slightly, 5.5 percent.

## **Long-term Financial Planning**

**Budgeting for Outcomes** – The 2013 budget season was the second year of the current budget biennium. Historically, Park City has employed an incremental style of budgeting. In this format, the budget from the prior year was assumed appropriate and served as a starting point, or base budget. Any changes to the base budget (whether they be an addition to or subtraction from the budget) are captured in a “budget option” and described. Typically, budget options are the focus of budget discussions in any given year. However, in 2012 the City moved to a Budgeting for Outcomes (BFO) process, which is a variation of zero-based budgeting that focuses on Council priorities and objectives as the driving factor for prioritization. BFO is a public budgeting process, which seeks to imitate Request for Proposal (RFP) procedures. By creating desired outcomes within Council goals and then receiving offers from City departments, decision-makers can make better-informed decisions regarding the prioritization and cost of City services and programs.

The BFO process is broader than any previous budget development effort, taking representatives from every self-managed team to help better define community goals. These staff representatives (Results Team) wear citizen hats and try to focus their thinking and efforts on what residents want from their government. By doing this, they will be better able to flesh out the Council goals into the desired outcomes approved by Council.

The Results Team accepts service proposals (bids) for programs and activities in each Council goal. Proposing budget recommendations by a committee made up of staff is a completely new and unique way of budgeting. The Results Team has had to make tough decisions in order to fit their recommendations within the confines of the Financial Impact Assessment Report’s (FIAR) projected expenditure increases (based on a ten year historical analysis of an average annual increase of Park City’s expenditures), approved by Council. The funding level recommendation of the Results Team has to account for health insurance, retirement, and pay increases, which also fall into the FIAR’s allowable projected expenditure increase, as well as mesh with the Capital Improvement Plan funding level. The Results Team discusses their overall rankings and rationale for budget enhancements or decreases and prepares a final recommendation to the City Manager, who refines the budget and forwards it to City Council.

Staff is confident BFO provides the City with the tools needed to build a budget that reflects the City’s values and needs, and helps the City build towards an even brighter future. This budget process will help the City do this by focusing on outcomes that matter to residents and others who have a stake in the community.

## **Relevant Financial Policies**

The purpose of the Capital Improvement Plan (CIP) is to systematically plan, schedule, and finance capital projects to ensure cost-effectiveness, as well as conformance with established policies. The CIP is a five year plan, reflecting a balance between capital replacement projects that repair, replace, or enhance existing facilities, equipment or infrastructure and capital facility projects that significantly expand or add to the City's existing capital assets. Development impact fees are collected and used to offset certain direct impacts of new construction in Park City. Fees

are collected to pay for capital facilities owned and operated by the City and to address impacts of new development on the following service areas: water, streets, public safety, recreation and open space/parks. The fees are not used for general operation or maintenance. To comply with Utah state law, the City conducted an impact fee study and the study findings are reflected in the CIP. The fees are established following a systematic assessment of the capital facilities required to serve new development. The City separately tracks each type of impact fee to ensure they are spent within six years, and only for eligible capital facilities. The fees first collected are the fees first spent (FIFO.)

## **Major Initiatives**

**Additional Resort Communities Sales and Use Tax** - The City recently secured an additional funding source with the Additional Resort Communities Sales and Use Tax (ARST). It is anticipated that the ARST will generate approximately \$3.2 million in fiscal year 2014, which is budgeted in the City's Capital Improvement Fund. The total allocation of the ARST funds will be adjusted each year as part of the budgeting process.

During the fiscal year 2013 budget process Council designated the anticipated funding of \$46.5 million between 2014 and 2021 to Historic Park City/Main Street and downtown projects (\$14.5 million), open space (\$15.0 million), Old Town Improvement Study-water pipeline (\$8.5 million), and storm drain improvements (\$8.5 million). The plan also includes \$0.1 million annually ongoing resources for capital maintenance and replacement of Main Street improvements.

## **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 has been divided into two phases. Phase one is partially funded with \$1.0 million in federal funds, \$1.6 million in water service fees, \$0.76 million ARST and funds transferred from the General Fund of \$0.44 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 first phase will include replacement of the existing collapsed storm drain, replacement of the gas line (work and design to be 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. The proposed second phase of the Deer Valley Drive Reconstruction project 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 occurred over the past few years, water needs have been identified and the cost of these improvements is being developed to be fairly distributed between users and new development. CIP changes to the Water Fund are also reflective of the City's continuing

commitment to secure Park City's water needs through improvements to the City's water infrastructure. These projects are subject to change as the best infrastructure options become clear. The Water Fund financial model currently sets the rates and projects based on the best possible water system solutions.

**Transit Grant Project Update** - The budget was adjusted significantly on the Transit Bus Maintenance and Operations Facility and Park and Ride (access road and amenities) projects. Both projects were partially funded with Federal Transit Authority (FTA) grants. Last year the budget of the Transit Bus Maintenance and Operations Facility was adjusted to include additional City Transportation Fund resources while the City continued to secure federal funding. In the last year, the Transportation Fund was able to secure additional resources, which have effectively eliminated much of the need to provide significant City funding for the project. Project cost for the completed Park and Ride total \$0.8 million. One hundred percent of that amount was provided by the FTA with the required 20.0 percent matching cost coming in the form of a land donation by the City. The total cost of the Transit Bus Maintenance and Operations Facility was \$10.3 million with \$9.8 million or 95.0 percent funding from federal funds. Much of the remaining \$0.5 million in cost was related to expenses that were not eligible costs for federal grants.

**Walkability Projects** - To date, approximately \$7.8 million has been utilized to fund the 27 substantially completed projects. \$7.2 million in voter approved general obligation bond funds remain unissued from the \$15.0 million bond initiative. In March 2013 staff presented a walkability update to Council, which included the remaining walkability project list and proposed project timeline. At that time, 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.

**Empire Avenue** – The construction cost estimate was \$4.0 million (\$1.7 million for road reconstruction, curb and gutter replacement, and sidewalk installation, \$1.7 million for waterline replacement and \$0.6 million for dry conduit installation.) The project completion was delayed until summer 2013 and as of the fiscal year end this project was not complete.

### **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, 2012. 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-five consecutive years, fiscal years 1987-2012.

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

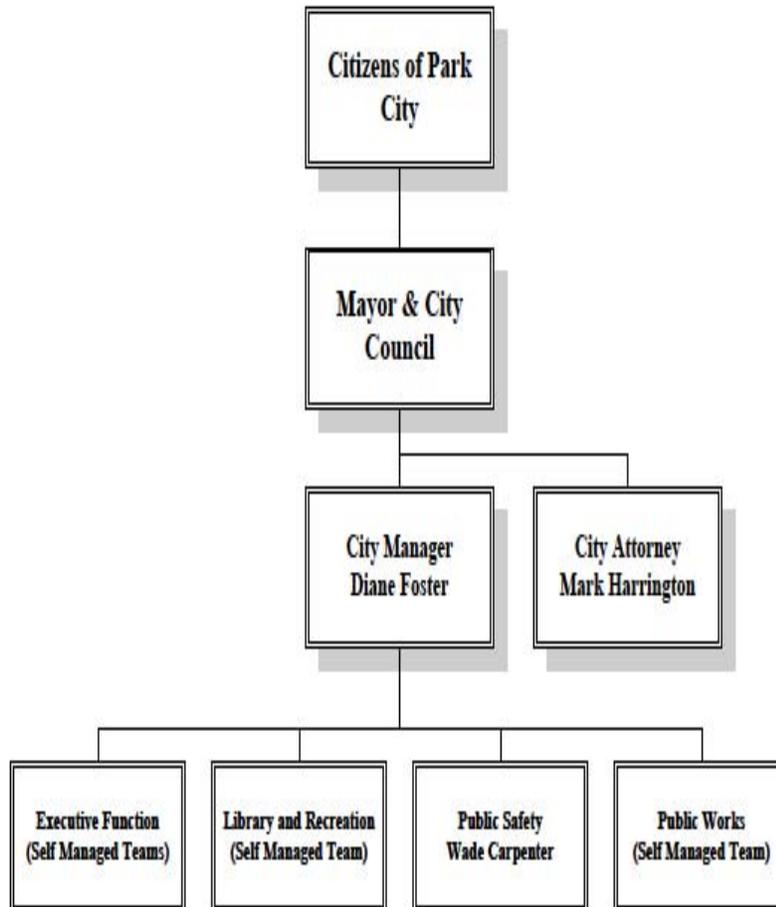
**MAYOR AND CITY COUNCIL AS OF JUNE 30, 2013**

<b>Name</b>	<b>Term Expires</b>
<b>Mayor</b>	
<b>Dana Williams</b> <i>2384 Doc Holiday Drive Park City, Utah 84060</i>	January 2014
<b>Councilors</b>	
<b>Alex Butwinski</b> <i>23 Ashley Court Park City, Utah 84060</i>	January 2014
<b>Cindy Matsumoto</b> <i>PO Box 4647 2816 Silver Cloud Drive Park City, Utah 84060</i>	January 2014
<b>Dick Peek</b> <i>750 River Birch Court Park City, Utah 84060</i>	January 2016
<b>Andy Beerman</b> <i>PO Box 1570 310 Park Avenue Park City, Utah 84060</i>	January 2016
<b>Liza Simpson</b> <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.**

THIS PAGE LEFT BLANK INTENTIONALLY



Government Finance Officers Association

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

Presented to

**Park City Municipal  
Corporation, Utah**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

THIS PAGE LEFT BLANK INTENTIONALLY

# **FINANCIAL SECTION**

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

Honorable Mayor and 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 Park City Municipal Corporation (the City) as of and for the year ended June 30, 2013, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof 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

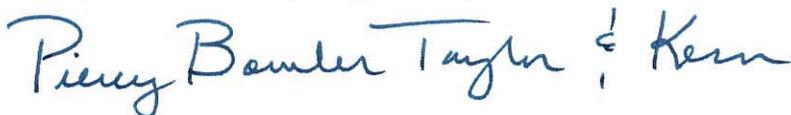
preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information 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 other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is 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 12, 2013, 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 12, 2013

THIS PAGE LEFT BLANK INTENTIONALLY

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2013**

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, 2013. 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, 2013, was \$267,544,671. Of this amount, \$58,993,274 (unrestricted net position) is available to meet ongoing financial obligations.
- The City's government-wide net position increased by \$6,951,110. Of this amount, business-type activities increased by \$2,179,853, a rise of 2.7 percent, and the governmental activities increased by \$4,771,257 a rise of 2.6 percent when compared to last fiscal year.
- The City's governmental funds reported a combined ending fund balance of \$39,223,454 an increase of \$562,549 (1.5 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. Of the combined total fund balance, \$5,515,127 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, 2013, totaled \$5,515,127 and is 21.8 percent of the General Fund total revenues for the year and 14.1 percent of total governmental fund balance.
- The City's total debt had a net increase of \$399,120 during fiscal year 2013. This represents a 0.5 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 2006 Water Revenue Bonds. The decrease is offset by the issuance of \$8,570,000 in Series 2012B, 2013A and 2013B Water Revenue and Refunding Bonds and a \$2.5 million contract payable for the purchase of open space land.

## **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, 2013**

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 80-88.

- 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, 2013**

- ***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 90-92 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, 2013**

**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, 2013 and 2012.

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

	Governmental Activities		Business-Type Activities		Total		Total % Change
	<b><u>2013</u></b>	<b><u>2012*</u></b>	<b><u>2013</u></b>	<b><u>2012*</u></b>	<b><u>2013</u></b>	<b><u>2012*</u></b>	
Current and other assets	\$ 67.1	\$ 66.3	\$ 35.0	\$ 31.5	\$ 102.1	\$ 97.8	4.4%
Capital assets	181.8	179.7	95.3	94.4	277.1	274.1	1.1%
Total assets	248.9	246.0	130.3	125.9	379.2	371.9	2.0%
Long-term debt	42.1	44.3	47.0	44.5	89.1	88.8	0.3%
Other liabilities	4.0	3.7	1.5	1.8	5.5	5.5	0.0%
Total liabilities	46.1	48.0	48.5	46.3	94.6	94.3	0.3%
Total deferred inflows of resources	17.0	17.0	-	-	17.0	17.0	0.0%
Net position							
Net investment in capital assets	142.9	136.1	57.7	56.9	200.6	193.0	3.9%
Restricted	0.8	1.3	7.2	4.6	8.0	5.9	35.6%
Unrestricted	42.1	43.6	16.9	18.1	59.0	61.7	-4.4%
Total net position	<b><u>\$ 185.8</u></b>	<b><u>\$ 181.0</u></b>	<b><u>\$ 81.8</u></b>	<b><u>\$ 79.6</u></b>	<b><u>\$ 267.6</u></b>	<b><u>\$ 260.6</u></b>	<b><u>2.7%</u></b>

\* Restated

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2013, the City's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$267.6 million (net position), compared to \$260.6 million at June 30, 2012. This would indicate an improved financial position in comparison to last fiscal year. Approximately 75.0 percent at June 30, 2013, and 74.0 percent at June 30, 2012, 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, 2013**

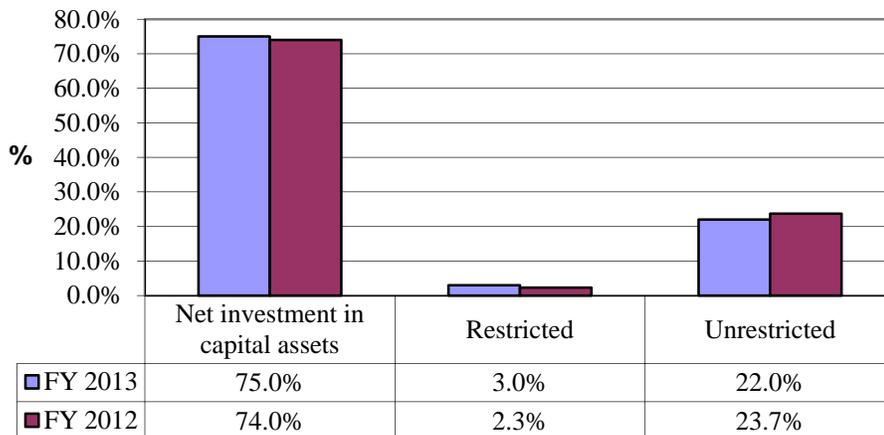
increase in the City's net investment in capital assets of \$7.6 million was due to the net of routine acquisition of capital assets, repayments of the related debt, depreciation expense and spending of bond proceeds held with fiscal agent which are not considered to be part of capital assets until spent on a project.

Restricted net position of \$8.0 million at June 30, 2013, and \$5.9 million at June 30, 2012 represents resources that are subject to external restrictions on how they may be used. The increase in restricted net position of \$2.1 million reflects the net increase in restricted net position due to the drawdown of cash with fiscal agent spent on construction of capital assets combined with the increase from the issuance of the Series 2012B Water Revenue and Refunding Bonds. The debt service reserve net increase of \$0.5 million was due to the refunding of the 2006 Water Revenue Bonds and issuance of the 2012B, 2013A and 2013B Water Revenue and Refunding Bonds. This increase was offset by a \$0.5 million decrease in water impact fees. Water Revenue bond proceeds are restricted for construction and improvements. Water development fees are charged to new customers to pay for the cost of increasing capacity of the water system and are legally restricted for that purpose.

The other sub-classification of net position is unrestricted. The balance of approximately \$59.0 million at June 30, 2013, which is unrestricted, denotes that this amount may be used to meet general, on-going financial obligations without constraints established by debt covenants or other legal requirements. Unrestricted net position decreased \$2.7 million from last fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

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

**Park City Municipal Corporation**  
**Net Position Percentage**  
**June 30, 2013 and 2012**



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2013**

**Changes in Net Position** - As taken from the Statement of Activities, the following table depicts the changes in net position for fiscal years 2013 and 2012.

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

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2013	2012*	2013	2012*	2013	2012*	
Revenues							
Program Revenues							
Charges for services	\$ 3.9	\$ 3.4	\$ 17.3	\$ 14.4	\$ 21.2	\$ 17.8	19.1%
Operating grants and contributions	0.3	0.1	-	3.7	0.3	3.8	-92.1%
Capital grants and contributions	1.1	1.5	2.4	4.9	3.5	6.4	-45.3%
General Revenues							
Property Tax	18.2	18.4	-	-	18.2	18.4	-1.1%
Other Taxes	13.2	12.4	3.9	3.8	17.1	16.2	5.6%
Investment earnings	0.3	0.3	0.2	0.2	0.5	0.5	0.0%
Other	1.2	0.9	0.4	0.5	1.6	1.4	14.3%
<b>Total revenues</b>	<b>38.2</b>	<b>37.0</b>	<b>24.2</b>	<b>27.5</b>	<b>62.4</b>	<b>64.5</b>	<b>-3.3%</b>
Expenses							
General government	15.4	16.4	-	-	15.4	16.4	-6.1%
Public safety	5.0	4.7	-	-	5.0	4.7	6.4%
Public works	7.2	7.1	-	-	7.2	7.1	1.4%
Library and recreation	4.2	3.7	-	-	4.2	3.7	13.5%
Interest on long-term debt	1.6	1.8	-	-	1.6	1.8	-11.1%
Water	-	-	11.0	9.8	11.0	9.8	12.2%
Transportation and parking	-	-	9.6	9.3	9.6	9.3	3.2%
Golf course	-	-	1.4	1.4	1.4	1.4	0.0%
<b>Total expenses</b>	<b>33.4</b>	<b>33.7</b>	<b>22.0</b>	<b>20.5</b>	<b>55.4</b>	<b>54.2</b>	<b>2.2%</b>
Change in net position	4.8	3.3	2.2	7.0	7.0	10.3	-32.0%
Net position beginning	181.0	177.7	79.6	72.6	260.6	250.3	4.1%
Net position ending	<b>\$ 185.8</b>	<b>\$ 181.0</b>	<b>\$ 81.8</b>	<b>\$ 79.6</b>	<b>\$ 267.6</b>	<b>\$ 260.6</b>	<b>2.7%</b>

\* Restated

Net position increased from governmental activities in fiscal year 2013 approximately \$4.8 million and \$3.3 million in fiscal year 2012. The increase is primarily due to increased charges for services and sales taxes. Expenses for governmental activities decreased \$0.3 million. The reasons for this decrease are discussed in the following section for governmental activities.

Net position increased \$2.2 million in fiscal year 2013 and increased \$7.0 million in 2012 for business-type activities. The revenues for business-type activities increased in charges for services due to the increase in water service fees of 18.0 percent on July 1, 2012. Operating and capital grants and contributions decreased due to reduced federal grants to the Transportation and Parking Fund.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2013**

**Revenues** – For the year ended June 30, 2013, the City’s government-wide total revenues are approximately \$62.4 million as compared to the prior year total revenues of \$64.5 million. Key elements of this change were as follows:

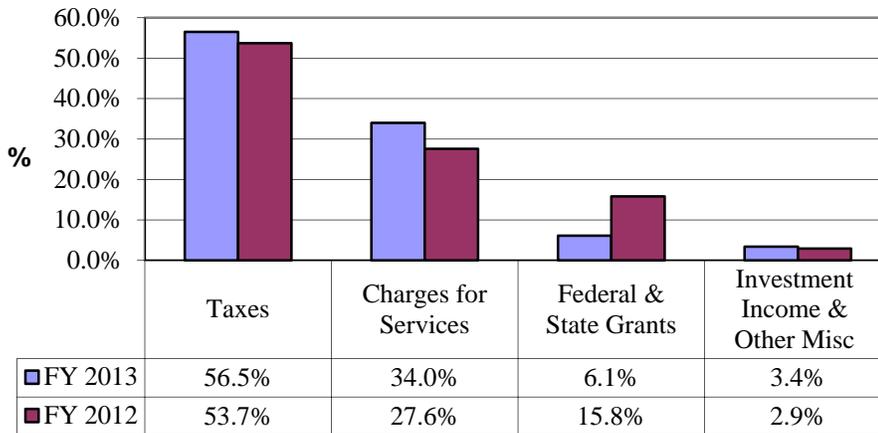
- Of the City’s total revenues, approximately 56.5 percent in fiscal year 2013 and 53.7 percent in fiscal year 2012 resulted from taxes (a little over half of which is from property taxes) as shown in the following table:

<b>Park City Municipal Corporation</b>			
<b>(in millions of dollars)</b>			
	<b>Government-wide Tax Revenues</b>		<b>Total %</b>
	<b>2013</b>	<b>2012</b>	<b>Change</b>
Property tax, levied for general purposes	\$ 13.6	\$ 13.8	-1.45%
Property tax, levied for debt service	4.6	4.6	0.00%
General sales and use tax	8.1	7.9	2.53%
Franchise tax	3.0	2.8	7.14%
Resort tax	6.0	5.5	9.09%
Total	<u>\$ 35.3</u>	<u>\$ 34.6</u>	<u>2.02%</u>

- Charges for services increased in fiscal year 2013 approximately \$3.4 million and increased from 27.6 percent of total revenues in fiscal year 2012 to 34.0 percent in fiscal year 2013. The \$3.4 million increase is due to a combination of increased recreation service fees and water service fees. The City’s new recreation facility, PC MARC, opened December 2011 and had the first full year of operation in fiscal year 2013. PC MARC accommodates expanded group fitness, weight room, cardio, tennis courts and a walking/jogging track.
- Operating and capital contributions and grants decreased to 6.1 percent of total revenues in fiscal year 2013 as compared to 15.8 percent in fiscal year 2012. This was a result of a decrease in federal operating and capital grants in the business type activities combined with a decrease in 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 3.4 percent of total revenues in fiscal year 2013 from 2.9 percent in fiscal year 2012. Other income in governmental activities increased \$0.3 million due to increased rent and retail sales at the PC MARC pro shop.

**PARK CITY MUNICIPAL CORPORATION, UTAH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued  
June 30, 2013**

**Government-Wide Revenues by Source  
June 30, 2013 and 2012**



**Expenses** - The City's government-wide total expenses cover a range of services. For the year ended June 30, 2013, the City's total expenses are \$55.4 million compared to the prior year of \$54.2 million. Of the \$1.2 million increase, general government expenses decreased \$1.0 million, public safety increased \$0.3 million, public works increased \$0.1 million, library and recreation increased \$0.5 million, interest on long-term debt decreased \$0.2 million. Business-type activities increased \$1.5 million.

**Governmental Activities:**

*Revenue Highlights:*

- Taxes comprise the largest source of revenue for the City's governmental activities: Approximately \$31.4 million or 82.2 percent in fiscal year 2013 and \$30.8 million or 83.2 percent in fiscal year 2012 of total revenues from governmental activities. The \$0.6 million increase is from other taxes. Of total taxes, real property taxes are approximately \$18.2 million (58.0 percent) in fiscal year 2013 and \$18.4 million (59.7 percent) in fiscal year 2012.
- Charges for services increased to \$3.9 million or 10.2 percent of total revenues in fiscal year 2013 from \$3.4 million or 9.2 percent of total revenues in fiscal year 2012. As previously discussed, most of the increase in 2013 was a result of collecting more recreation service fees at PC MARC.
- Grant and contribution revenue represents approximately \$1.4 million or 3.7 percent in fiscal year 2013 and \$1.6 million or 4.3 percent in fiscal year 2012 of total revenues. The \$0.2 million decrease was the result of an increase in operating grants and contributions of \$0.2 million offset by a decrease in capital grants and contributions of \$0.4 million. The \$0.2 million increase in operating grants was from the receipt of a Utah Department of Public Safety grant to upgrade the City's E911 service. Capital grants and contributions decreased because in fiscal year 2012 the City received a one-time \$1.0 million cash donation that was used to purchase land.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2013**

*Expense Highlights:*

- General government expenses of approximately \$15.4 million in fiscal year 2013 and \$16.4 million in fiscal year 2012 represented 46.1 percent in fiscal year 2013 and 48.6 percent in fiscal year 2012 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. In fiscal year 2013, the City early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which required debt costs of issuance to be reported as period costs. Previously debt costs of issuance were reported as assets and amortized over the life of the debt. This change in accounting principle increased fiscal year 2012 general government expenses by \$0.5 million. The \$1.0 million decrease in general government expenses is a result of the \$0.5 million change in accounting principle adjustment plus a decrease in noncapital expenses.
- Public Works, accounted for approximately \$7.2 million or 21.6 percent in fiscal year 2013 and \$7.1 million or 21.1 percent in fiscal year 2012 of total expenses. The \$0.1 million increase was primarily a result of increased utility costs.
- Public Safety expenses were \$5.0 million or 15.0 percent in fiscal year 2013 and \$4.7 million or 14.0 percent in fiscal year 2012. The \$0.3 million increase is due to the cost of the upgrades to the E911 service, as mentioned above, and health insurance benefits.
- Library and Recreation expenses were \$4.2 million or 12.5 percent in fiscal year 2013 and \$3.7 million or 11.0 percent in fiscal year 2012. The \$0.5 million increase is due to increased personnel costs related to the first full year of operation at the PC MARC.

As a result, total net expenses that were funded by general revenues were \$28.1 million. Tax revenues of \$31.4 million were sufficient to fund net expenses in fiscal year 2013.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2013**

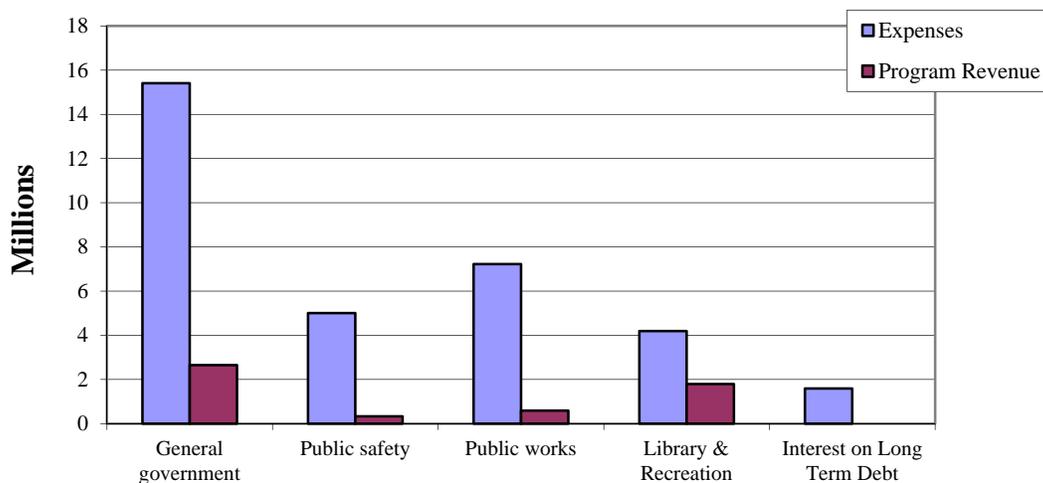
The following presents the costs and net costs (total cost less fees generated by the activities and intergovernmental aid) of the City's programs:

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

	Total Cost of Services		Net Cost of Services		Total % Change
	2013	2012*	2013	2012*	
General government	\$ 15.4	\$ 16.4	\$ 12.8	\$ 13.2	-3.0%
Public safety	5.0	4.7	4.7	4.6	2.2%
Public works	7.2	7.1	6.6	6.5	1.5%
Library and recreation	4.2	3.7	2.4	2.6	-7.7%
Interest on long term debt	1.6	1.8	1.6	1.8	-11.1%
<b>Total</b>	<b>\$ 33.4</b>	<b>\$ 33.7</b>	<b>\$ 28.1</b>	<b>\$ 28.7</b>	<b>-2.1%</b>

\* Restated

**Expense and Program Revenue-Governmental Activities\***  
**FY 2013**



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

**Business-type Activities:**

The City's business-type activities increased net position by \$2.2 million. Key elements of this increase were as follows:

*Revenue Highlights:*

- Charges for services for business-type activities increased approximately \$2.9 million in fiscal year 2013 primarily due to increased water service fees resulting from an 18.0 percent increase in water rates on July 1, 2012.

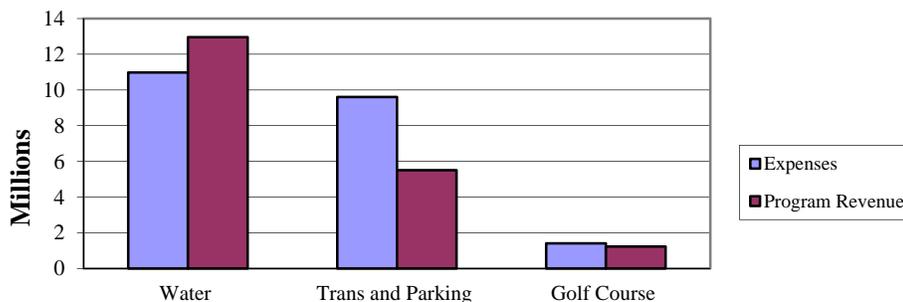
**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2013**

- Operating and capital grants and contributions decreased by \$6.2 million from fiscal year 2012 to fiscal year 2013. The \$6.5 million decrease in the Transportation and Parking Fund was due to decreased operating and capital grants from the federal government. The \$0.2 million increase in the Water Fund was due to increased water impact fee collection. The \$0.1 million increase in the Golf Fund was due to receipt of the restaurant, art and recreation tax grant from Summit County.
- Combined general sales and use tax and transit resort tax increased approximately \$0.1 million from fiscal year 2012 to fiscal year 2013. In fiscal year 2013, a slight increase in visitors to Park City increased sales and resort tax.
- Investment earnings decreased by less than \$0.1 million in the Water Fund. This decrease is primarily the result of decreased interest income on cash held by fiscal agent due to the drawdown of construction fund balances formerly held by the trustee.

*Expense Highlights:*

- Salaries and benefits increased by \$0.4 million in 2013. The Water Fund accounted for \$0.3 million of the increase, \$0.2 million increase in the Transportation and Parking Fund, and less than \$0.1 million decrease in the Golf Fund.
- Supplies, maintenance and services increased by \$0.3 million in fiscal year 2013. The \$0.3 million increase in the Water Fund was due to increased costs of \$0.1 million related to water quality and \$0.2 million to tunnel improvements.
- Energy and utilities increased by a little over \$0.5 million in fiscal year 2013. This is a result of increased utility costs in the Water Fund and Transportation and Parking Fund due to the first full year of operation of the Quinns Water Treatment Plant and the Iron Horse Transit Operations Facility. Fuel costs also increased in the Transportation and Parking Fund.

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



\*See Page 25

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2013**

**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, 2013, the aggregate fund balance of the City's governmental funds was \$39.2 million, an increase of \$0.5 million in comparison with the fiscal year ended June 30, 2012. In fiscal year 2013, approximately \$5.5 million or 14.1 percent of this amount is in unassigned fund balance. Unassigned fund balance category is available for appropriation by the City Council at their discretion.

Restricted fund balance has externally enforceable limitations on use and is not available for new spending. Restricted fund balance is approximately \$0.8 million in fiscal year 2013 and \$1.3 million in fiscal year 2012. Restricted capital improvement funds were used to pay for several large dollar construction projects in fiscal year 2013.

The remainder of the fund balance of \$33.0 million is committed. Of the \$33.0 million committed fund balance, \$31.5 million is committed to capital projects and \$1.5 million is committed to debt service. In fiscal year 2012 committed fund balance was approximately \$33.3 million and \$31.6 million was committed to capital projects and \$1.7 million to debt service.

The General Fund is the principal operating fund of the City. Utah State code establishes a 5.0 percent minimum (\$1,336,510) and a 25.0 percent maximum (\$6,682,549) limit to the amount that may be accumulated as the fund balance in the General Fund. As of June 30, 2013 the unassigned fund balance of the General Fund was \$5,515,127 and was \$1,167,422 below the 25.0 percent limit. The unassigned fund balance increased by \$1,503,502 in 2013. The unassigned fund balance in fiscal year 2012 decreased \$197,395.

As of June 30, 2013, the restricted fund balance in the Capital Improvements Fund was \$0.6 million and the committed fund balance was \$18.2 million. In fiscal year 2012 the restricted fund balance was \$0.6 million and the committed fund balance was \$19.3 million. The \$1.1 million decrease in committed fund balance resulted from capital outlay spending.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2013**

As of June 30, 2013, the committed fund balance in the Lower Park Avenue Redevelopment Agency Capital Projects Fund was \$9.9 million. In fiscal year 2012 the committed fund balance was \$9.1 million. The \$0.8 million increase in committed fund balance resulted from revenue exceeding capital outlay and transfers out.

**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 \$81.7 million at June 30, 2013, as compared to \$79.6 million at the end of fiscal year 2012. Net position at the end of fiscal year 2013 and 2012 for each of these funds were:

**Park City Municipal Corporation**  
**Proprietary Funds**

<u>Fund</u>	<u>Amount</u>		<u>Change</u>
	<u>2013</u>	<u>2012*</u>	
Water	\$ 40,016,562	\$ 37,759,653	\$ 2,256,909
Transportation and parking	38,225,685	38,411,494	(185,809)
Golf course	3,442,131	3,361,206	80,925
Total	<u>\$ 81,684,378</u>	<u>\$ 79,532,353</u>	<u>\$ 2,152,025</u>

\* Restated

The net increase in net position from the prior year was \$2.2 million as compared to an increase of \$7.0 million in fiscal year 2012. Operating revenues increased \$2.9 million as compared to an increase of \$1.7 million in fiscal year 2012. The Water Fund operating revenues increased \$2.3 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 1, 2012. The Transportation Fund operating revenues increased \$0.5 million compared to fiscal year 2012. The increase is attributable to increased revenue from regional transit and parking meters. The Golf Fund operating revenues increased \$0.1 million due to a combination of increased play and increased fees.

Transportation and Parking Fund net investment in capital assets decreased by \$0.6 million in fiscal year 2013 primarily due to routine acquisition and disposition of capital assets net of depreciation expense. Unrestricted net position increased \$0.4 million.

Water Fund net investment in capital assets increased by \$1.2 million, restricted net position increased \$2.5 million and unrestricted net position decreased by \$1.5 million resulting in a net increase of total net position of \$2.2 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. The \$2.5 million increase in restricted net position is bond proceeds collected in the current year, but will be spent in future years. The decrease in unrestricted net position of \$1.5 million resulted in a negative unrestricted net position of (\$1.4) million. The City will take action in the

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2013**

spring of 2014 budget process to address water fees and the negative unrestricted net position.

Golf Fund net investment in capital assets remained unchanged. Unrestricted net position increased \$0.1 million due to the increase in fees from the combination of increased play and increased fees.

**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 \$0.4 (net increase) can be briefly summarized as follows:

- \$0.3 million increase in appropriations for general government resulting from vacancy factor allocations.
- \$0.1 million supplemental appropriation for increased utility expenditures. A corresponding revenue source offset the expenditures.

Total actual expenditures came in \$1.4 million below the final budget. All departments kept within their legal spending authority except library and recreation, which overspent their budget by \$10,385 during 2013. The differences between actual and the final budget can be briefly summarized as follows:

- The final budget was \$1.0 million more than the actual expenditures in general government. This variance is attributable from spending coming in under budget in materials, supplies and nondepartmental.
- The final budget in public safety was \$0.2 million more than the actual expenditures. This variance is attributable from spending coming in under budget in contract services and health benefits.
- The final budget was \$0.2 million more than actual expenditures in public works. This variance is attributable from spending coming in under budget in salaries, benefits and equipment maintenance.

Actual revenues of \$25.3 million equaled budgeted revenues of \$25.3 million. See Note L-Budget Reconciliation on page 73 of this report.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2013**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The City's investment in capital assets for its governmental and business-type activities totaled \$277.1 million (net of \$149.8 million accumulated depreciation) at June 30, 2013, as compared to \$274.1 million (net of \$140.1 million accumulated depreciation) at June 30, 2012. 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, 2013 included:

*Governmental Activities:*

- \$7.5 million Gillmor open space land
- \$1.0 million Empire Avenue reconstruction
- \$0.7 million Historic Park City infrastructure improvements

*Business-type Activities:*

- \$1.2 Old Town Improvement Study-water pipeline
- \$0.8 million waterline segment A and B
- \$0.5 million Deer Valley Loop Road waterline

**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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012*</u>	<u>2013</u>	<u>2012*</u>	
Land and water rights	\$ 98.0	\$ 94.0	\$ 20.3	\$ 20.3	\$ 118.3	\$ 114.3	3.5%
Infrastructure	104.1	102.8	-	-	104.1	102.8	1.3%
Buildings	37.1	36.9	16.2	16.2	53.3	53.1	0.4%
Art	0.6	0.5	0.1	0.1	0.7	0.6	16.7%
Improvements other than buildings	33.5	32.9	74.7	72.3	108.2	105.2	2.9%
Vehicles and equipment	10.2	9.8	21.4	20.9	31.6	30.7	2.9%
Construction in progress	1.5	0.4	3.5	1.5	5.0	1.9	163.2%
Intangibles	5.7	5.6	0.03	0.03	5.73	5.63	1.8%
Accumulated depreciation	(108.9)	(103.2)	(40.9)	(36.9)	(149.8)	(140.1)	6.9%
Total Assets	<u>\$ 181.8</u>	<u>\$ 179.7</u>	<u>\$ 95.3</u>	<u>\$ 94.4</u>	<u>\$ 277.1</u>	<u>\$ 274.1</u>	<u>1.1%</u>

\* Restated

Additional information on the City's capital assets can be found in Note D-Capital Assets on pages 57-58 of this report.

**Long-term Debt:** At June 30, 2013, the City had \$88.3 million in bonds and contracts payable, an increase of 0.3 percent from fiscal year 2012. Of this amount \$29.7 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 \$58.6 million.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2013**

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 Bonds. The City's 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 2013 and 2012 were as follows:

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>Total % Change</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	
Contracts payable	\$ 2.8	\$ 0.3	\$ -	\$ -	\$ 2.8	\$ 0.3	833.3%
General obligation bonds	29.7	33.2	-	-	29.7	33.2	-10.5%
Revenue bonds	9.0	10.2	46.8	44.3	55.8	54.5	2.4%
<b>Total debt</b>	<b>\$ 41.5</b>	<b>\$ 43.7</b>	<b>\$ 46.8</b>	<b>\$ 44.3</b>	<b>\$ 88.3</b>	<b>\$ 88.0</b>	<b>0.3%</b>

The State of Utah mandates a general obligation debt limit to 4.0 percent of total assessed value of \$6,725,375,418. The current limitation for the City is \$269,015,017, which is significantly in excess of the City's outstanding general obligation debt. The City's net debt subject to this limitation was \$29,701,426 or 0.4 percent of total assessed value leaving the amount available for future indebtedness at \$239,313,591. See Schedule 17 on page 113 of this report.

More detailed information about the City's long-term liabilities is presented in Note E-Long-term Obligations on pages 59-69 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- The unemployment rate for Summit County (of which Park City is the largest city) was 4.0 percent compared with the State unemployment rate of 4.7 percent, and a national rate of 7.3 percent. This compares with a rate of 5.0 percent for Summit County in 2012. (Sources: Utah Dept. of Workforce Services and Bureau of Labor Statistics)
- The fiscal year 2014 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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2013**

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 2014 compared with the fiscal year just ended except that water user rates were increased by 18.0 percent in the Water Fund effective July 1, 2013. 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, 2013**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash, cash equivalents and investments	\$ 40,914,897	\$ 23,570,919	\$ 64,485,816
Restricted cash and cash equivalents, fiscal agent	47,861	7,168,903	7,216,764
Restricted cash, cash equivalents and investments, other	661,306	-	661,306
Receivables:			
Taxes	19,515,153	402,795	19,917,948
Accounts	457,379	2,686,660	3,144,039
Notes	5,102,467	-	5,102,467
Internal balances	5,375	(5,375)	-
Inventories	393,433	597,823	991,256
Prepays	-	576,195	576,195
Capital assets not being depreciated:			
Land and water rights	98,000,047	20,270,189	118,270,236
Construction in progress	1,533,870	3,480,462	5,014,332
Art	584,356	109,214	693,570
Capital assets (net of accumulated depreciation):			
Buildings	28,204,449	11,725,687	39,930,136
Improvements other than buildings	17,771,821	46,657,727	64,429,548
Vehicles and equipment	3,929,341	12,991,440	16,920,781
Infrastructure	26,346,422	-	26,346,422
Intangibles	5,472,572	25,492	5,498,064
Total assets	<u>248,940,749</u>	<u>130,258,131</u>	<u>379,198,880</u>
<b>Deferred outflows of resources</b>			
Deferred outflows of resources-deferred charge on refunding	-	30,727	30,727
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 30,727</u>	<u>\$ 30,727</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, 2013**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
Accounts payable	\$ 1,772,677	\$ 1,148,814	\$ 2,921,491
Accrued liabilities	2,366,561	308,255	2,674,816
Long-term debt due within one year:			
Compensated absences	269,794	93,568	363,362
Contract payable	80,496	-	80,496
General obligation bonds	3,520,000	-	3,520,000
Revenue bonds	1,200,000	2,710,000	3,910,000
Long-term debt due in more than one year:			
Compensated absences	333,868	108,303	442,171
Contract payable	2,679,557	-	2,679,557
General obligation bonds	26,181,426	-	26,181,426
Revenue bonds	7,794,028	44,143,772	51,937,800
Total liabilities	<u>46,198,407</u>	<u>48,512,712</u>	<u>94,711,119</u>
<b>Deferred inflows of resources</b>			
Deferred inflows of resources-property taxes	<u>16,973,817</u>	<u>-</u>	<u>16,973,817</u>
Total deferred inflows of resources	<u>16,973,817</u>	<u>-</u>	<u>16,973,817</u>
<b>Net Position</b>			
Net investment in capital assets	142,887,371	57,738,180	200,625,551
Restricted for:			
Debt service	817	4,685,841	4,686,658
Capital projects	708,350	2,483,062	3,191,412
Other	47,776	-	47,776
Unrestricted	<u>42,124,211</u>	<u>16,869,063</u>	<u>58,993,274</u>
<b>Total net position</b>	<u><u>\$185,768,525</u></u>	<u><u>\$ 81,776,146</u></u>	<u><u>\$267,544,671</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, 2013**

<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>	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 15,410,428	\$ 2,388,214	\$ 20,000	\$ 243,177	\$ (12,759,037)
Public safety	5,005,854	12,313	315,908	-	(4,677,633)
Public works	7,225,061	246,390	-	340,981	(6,637,690)
Library and recreation	4,194,025	1,287,791	14,444	489,766	(2,402,024)
Interest on long-term debt	1,588,388	-	-	-	(1,588,388)
Total governmental activities	<u>33,423,756</u>	<u>3,934,708</u>	<u>350,352</u>	<u>1,073,924</u>	<u>(28,064,772)</u>
Business-type activities:					
Water	10,980,949	12,242,653	-	711,464	1,973,168
Transportation and parking	9,608,636	3,977,883	-	1,533,393	(4,097,360)
Golf course	1,415,478	1,102,133	-	129,024	(184,321)
Total business-type activities	<u>22,005,063</u>	<u>17,322,669</u>	<u>-</u>	<u>2,373,881</u>	<u>(2,308,513)</u>
Total primary government	<u>\$ 55,428,819</u>	<u>\$ 21,257,377</u>	<u>\$ 350,352</u>	<u>\$ 3,447,805</u>	<u>\$ (30,373,285)</u>

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

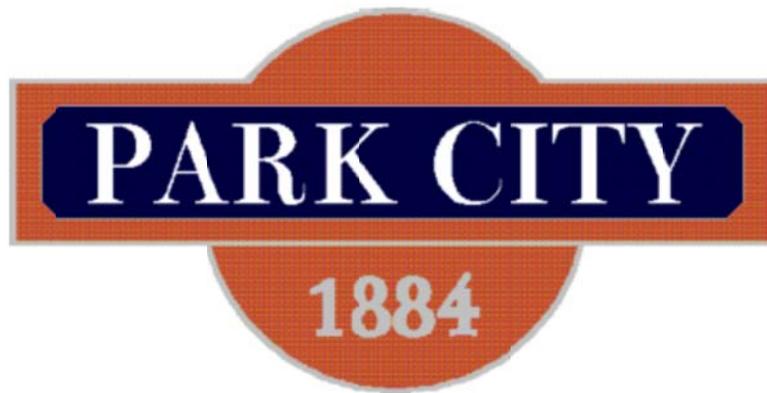
**Park City Municipal Corporation, Utah**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Changes in net position:			
Net (expense) revenue	\$ (28,064,772)	\$ (2,308,513)	\$ (30,373,285)
General revenues:			
Property tax, levied for general purposes	13,587,385	-	13,587,385
Property tax, levied for debt service	4,577,873	-	4,577,873
General sales and use tax	4,187,472	3,868,264	8,055,736
Franchise tax	3,037,407	-	3,037,407
Resort tax	5,983,636	-	5,983,636
Investment earnings	258,657	196,237	454,894
Miscellaneous	1,203,599	423,865	1,627,464
<b>Total general revenues</b>	<b>32,836,029</b>	<b>4,488,366</b>	<b>37,324,395</b>
Change in net position	4,771,257	2,179,853	6,951,110
Net position—beginning, as previously reported	181,555,384	78,537,232	260,092,616
Adjustment	(558,116)	1,059,061	500,945
Net position—beginning, as adjusted	180,997,268	79,596,293	260,593,561
Net position—end of year	\$ 185,768,525	\$ 81,776,146	\$ 267,544,671

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 2003, 2004, 2008, 2009 and 2010 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, 2013**

	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
<b>Assets</b>							
Cash, cash equivalents and investments	\$ 5,602,572	\$ 1,112,587	\$ 368,546	\$ 18,224,316	\$ 10,055,473	\$ 3,368,934	\$ 38,732,428
Restricted cash, cash equivalents and investments, fiscal agent	-	47,808	53	-	-	-	47,861
Restricted cash, cash equivalents and investments, other	-	-	-	661,306	-	-	661,306
Receivables							
Taxes	10,113,085	-	4,643,956	299,236	2,406,519	1,325,662	18,788,458
Accounts	93,240	-	-	274,296	461	90	368,087
Notes	-	-	-	3,369,568	1,732,899	-	5,102,467
Interfund loan	-	-	-	97,143	-	-	97,143
Other assets	39,297	-	-	-	-	-	39,297
Total assets	<u>\$ 15,848,194</u>	<u>\$ 1,160,395</u>	<u>\$ 5,012,555</u>	<u>\$ 22,925,865</u>	<u>\$ 14,195,352</u>	<u>\$ 4,694,686</u>	<u>\$ 63,837,047</u>
<b>Liabilities</b>							
Accounts payable	\$ 887,676	\$ -	\$ 500	\$ 604,364	\$ 138,730	\$ 38,840	\$ 1,670,110
Accrued liabilities	770,056	-	-	-	-	-	770,056
Total liabilities	<u>1,657,732</u>	<u>-</u>	<u>500</u>	<u>604,364</u>	<u>138,730</u>	<u>38,840</u>	<u>2,440,166</u>
<b>Deferred inflows of resources</b>							
Unavailable revenue-property tax	8,627,559	-	4,643,956	-	2,402,302	1,300,000	16,973,817
Unavailable revenue-notes	-	-	-	3,466,711	1,732,899	-	5,199,610
Total deferred inflows of resources	<u>8,627,559</u>	<u>-</u>	<u>4,643,956</u>	<u>3,466,711</u>	<u>4,135,201</u>	<u>1,300,000</u>	<u>22,173,427</u>
<b>Fund Balances</b>							
Restricted:							
Capital projects	-	47,044	-	661,306	-	-	708,350
Debt service	-	764	53	-	-	-	817
Drug and tobacco enforcement	47,776	-	-	-	-	-	47,776
Committed:							
Capital projects funds	-	-	-	18,193,484	9,921,421	3,355,846	31,470,751
Debt service funds	-	1,112,587	368,046	-	-	-	1,480,633
Unassigned	5,515,127	-	-	-	-	-	5,515,127
Total fund balances	<u>5,562,903</u>	<u>1,160,395</u>	<u>368,099</u>	<u>18,854,790</u>	<u>9,921,421</u>	<u>3,355,846</u>	<u>39,223,454</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 15,848,194</u>	<u>\$ 1,160,395</u>	<u>\$ 5,012,555</u>	<u>\$ 22,925,865</u>	<u>\$ 14,195,352</u>	<u>\$ 4,694,686</u>	<u>\$ 63,837,047</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, 2013**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>		<b>\$ 39,223,454</b>
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.		181,842,878
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Taxes receivable	726,695	
Interest receivable	<u>(45,582)</u>	681,113
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.		2,423,064
Certain items not accounted for as unavailable under accrual accounting.		5,199,610
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	(562,115)	
Revenue bonds	(8,965,000)	
General obligation bonds	(29,385,000)	
Contracts payable	(2,760,053)	
Deferred bond premiums and discounts	(345,454)	
Accrued interest on the bonds	<u>(199,472)</u>	<u>(42,217,094)</u>
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 185,768,525</u></b>

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, 2013**

	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
<b>Revenues</b>							
Taxes and special assessments	\$ 20,710,541	\$ -	\$ 4,577,873	\$ 2,521,908	\$ 2,305,162	\$ 1,284,211	\$ 31,399,695
Licenses and permits	1,446,142	-	-	-	-	-	1,446,142
Intergovernmental	343,908	-	-	1,060,368	-	-	1,404,276
Charges for services	2,017,593	-	-	-	-	-	2,017,593
Fines and forfeitures	35,342	-	-	-	-	-	35,342
Investment income	59,995	6,540	1,424	120,698	58,780	11,220	258,657
Impact fees	-	-	-	201,235	-	-	201,235
Rental and other miscellaneous	715,316	-	73,280	687,721	-	-	1,476,317
Total revenues	<u>25,328,837</u>	<u>6,540</u>	<u>4,652,577</u>	<u>4,591,930</u>	<u>2,363,942</u>	<u>1,295,431</u>	<u>38,239,257</u>
<b>Expenditures</b>							
Current							
General government	11,381,542	-	-	-	-	-	11,381,542
Public safety	4,687,516	-	-	-	-	-	4,687,516
Public works	4,835,958	-	-	-	-	-	4,835,958
Library and recreation	3,164,535	-	-	-	-	-	3,164,535
Capital outlay	-	-	-	6,325,675	1,107,875	1,084,310	8,517,860
Debt service							
Principal	-	1,165,000	3,425,000	74,880	-	-	4,664,880
Interest	-	401,587	1,232,796	25,120	-	1,500	1,661,003
Total expenditures	<u>24,069,551</u>	<u>1,566,587</u>	<u>4,657,796</u>	<u>6,425,675</u>	<u>1,107,875</u>	<u>1,085,810</u>	<u>38,913,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,259,286</u>	<u>(1,560,047)</u>	<u>(5,219)</u>	<u>(1,833,745)</u>	<u>1,256,067</u>	<u>209,621</u>	<u>(674,037)</u>
<b>Other financing sources (uses)</b>							
Sale of capital assets	-	-	-	-	-	17,586	17,586
Transfers in	1,415,722	1,561,588	-	849,400	-	905,000	4,731,710
Transfers out	(1,160,247)	(800,000)	-	(134,366)	(468,097)	(950,000)	(3,512,710)
Total other financing sources (uses)	<u>255,475</u>	<u>761,588</u>	<u>-</u>	<u>715,034</u>	<u>(468,097)</u>	<u>(27,414)</u>	<u>1,236,586</u>
<b>Net change in fund balances</b>	1,514,761	(798,459)	(5,219)	(1,118,711)	787,970	182,207	562,549
<b>Fund balances - beginning</b>	4,048,142	1,958,854	373,318	19,973,501	9,133,451	3,173,639	38,660,905
<b>Fund balances - ending</b>	<u>\$ 5,562,903</u>	<u>\$ 1,160,395</u>	<u>\$ 368,099</u>	<u>\$ 18,854,790</u>	<u>\$ 9,921,421</u>	<u>\$ 3,355,846</u>	<u>\$ 39,223,454</u>

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

**Park City Municipal Corporation, Utah**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2013**

<b>Net change in fund balances—total governmental funds</b>		\$ 562,549
<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	5,463,903	
Depreciation expense	<u>(5,830,804)</u>	(366,901)
<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>		
		(5,310)
<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 asset	20,000	
Taxes receivable	2,127	
Interest receivable	(1,263)	
Unavailable revenue	<u>(77,384)</u>	(56,520)
<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>		
Principal repayments on long-term debt	4,664,880	
Amortization of bond premiums and discounts	<u>50,465</u>	4,715,345
<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>		
		21,568
<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 (\$71,646) less amount allocated to business-type activities of \$91,768 and reversal of prior year allocation of \$63,940.</p>		
		<u>(99,474)</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ 4,771,257</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes				
General property tax	\$ 9,260,000	\$ 9,677,000	\$ 9,137,198	\$ (539,802)
Delinquent taxes	430,000	426,000	886,736	460,736
General sales and use taxes	4,100,000	4,084,000	4,187,472	103,472
Franchise taxes	3,275,000	2,998,000	3,037,407	39,407
Resort taxes	3,111,000	3,258,000	3,461,728	203,728
Licenses and permits				
Business licenses	372,000	363,000	391,550	28,550
Building permits	628,000	917,000	732,308	( 184,692)
Plan application fees	225,000	96,000	92,679	( 3,321)
Building fees	238,000	130,000	190,812	60,812
Other	13,000	24,000	38,793	14,793
Intergovernmental				
Federal contribution	32,000	5,000	24,841	19,841
State liquor allotment	67,000	59,000	59,483	483
State contributions	20,000	226,000	238,084	12,084
County contributions	-	21,150	21,500	350
Charges for services				
Recreational service fees	2,079,287	1,927,000	1,916,889	( 10,111)
Reimbursable services	105,000	100,000	75,927	( 24,073)
Cemetery fees and plot sales	15,000	20,000	24,270	4,270
Miscellaneous services	4,000	1,000	507	( 493)
Fines and forfeitures	26,803	39,313	35,342	( 3,971)
Miscellaneous	626,110	840,000	715,316	( 124,684)
Investment income	50,400	95,000	59,995	( 35,005)
Total revenues	<u>24,677,600</u>	<u>25,306,463</u>	<u>25,328,837</u>	<u>22,374</u>
<b>Expenditures:</b>				
General government	11,998,440	12,338,817	11,381,542	957,275
Public safety	4,855,751	4,865,805	4,687,516	178,289
Public works	4,974,912	5,068,306	4,835,958	232,348
Library and recreation	3,180,720	3,154,150	3,164,535	(10,385)
Total expenditures	<u>25,009,823</u>	<u>25,427,078</u>	<u>24,069,551</u>	<u>1,357,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(332,223)</u>	<u>(120,615)</u>	<u>1,259,286</u>	<u>1,379,901</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,374,000	1,415,722	1,415,722	-
Transfers out	(1,410,847)	(1,160,247)	(1,160,247)	-
Total other financing sources (uses)	<u>(36,847)</u>	<u>255,475</u>	<u>255,475</u>	<u>-</u>
<b>Net change in fund balance</b>	<b>(369,070)</b>	<b>134,860</b>	<b>1,514,761</b>	<b>1,379,901</b>
<b>Fund balance - beginning</b>	<b>3,456,710</b>	<b>3,973,780</b>	<b>4,048,142</b>	<b>74,362</b>
<b>Fund balance - ending</b>	<b><u>\$ 3,087,640</u></b>	<b><u>\$ 4,108,640</u></b>	<b><u>\$ 5,562,903</u></b>	<b><u>\$ 1,454,263</u></b>

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, 2013**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Water Fund</b>	<b>Transportation and Parking Fund</b>	<b>Golf Course Fund</b>	<b>Total Enterprise Funds</b>	
<b>Assets</b>					
Current assets:					
Cash, cash equivalents and investments	\$ 6,266,059	\$ 17,076,385	\$ 228,475	\$ 23,570,919	\$ 2,182,469
Restricted cash and cash equivalents, fiscal agent	7,168,903	-	-	7,168,903	-
Taxes receivable	-	402,795	-	402,795	-
Accounts receivable	1,701,701	984,951	8	2,686,660	58,401
Inventories	518,369	21,563	57,891	597,823	354,136
Prepays	528,315	46,462	1,418	576,195	-
Total current assets	<u>16,183,347</u>	<u>18,532,156</u>	<u>287,792</u>	<u>35,003,295</u>	<u>2,595,006</u>
Noncurrent assets:					
Capital assets:					
Land and water rights	17,693,589	1,748,149	828,451	20,270,189	-
Buildings	480,000	14,034,275	1,671,487	16,185,762	-
Improvements other than buildings	69,700,035	3,314,079	1,717,863	74,731,977	-
Art	-	109,214	-	109,214	-
Vehicles and equipment	7,806,953	12,112,968	1,501,698	21,421,619	47,450
Construction in progress	3,124,323	356,139	-	3,480,462	-
Intangible	27,810	-	-	27,810	-
Accumulated depreciation and amortization	( 27,067,355)	( 11,556,595)	( 2,342,872)	( 40,966,822)	( 47,450)
Total capital assets (net of accumulated depreciation and amortization)	<u>71,765,355</u>	<u>20,118,229</u>	<u>3,376,627</u>	<u>95,260,211</u>	<u>-</u>
Total assets	<u>87,948,702</u>	<u>38,650,385</u>	<u>3,664,419</u>	<u>130,263,506</u>	<u>2,595,006</u>
<b>Deferred outflows of resources</b>					
Deferred outflows of resources-deferred charge on refunding	30,727	-	-	30,727	-
<b>Total deferred outflows of resources</b>	<u>30,727</u>	<u>-</u>	<u>-</u>	<u>30,727</u>	<u>-</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	863,607	215,875	69,332	1,148,814	102,567
Accrued liabilities	174,431	88,735	45,089	308,255	-
Current portion of long-term debt					
Interfund loan	-	-	34,862	34,862	-
Compensated absences	38,238	49,294	6,036	93,568	8,244
Revenue bonds	2,710,000	-	-	2,710,000	-
Total current liabilities	<u>3,786,276</u>	<u>353,904</u>	<u>155,319</u>	<u>4,295,499</u>	<u>110,811</u>
Noncurrent liabilities:					
Interfund loan	-	-	62,281	62,281	-
Compensated absences	32,819	70,796	4,688	108,303	33,303
Revenue bonds	44,143,772	-	-	44,143,772	-
Total noncurrent liabilities	<u>44,176,591</u>	<u>70,796</u>	<u>66,969</u>	<u>44,314,356</u>	<u>33,303</u>
Total liabilities	<u>47,962,867</u>	<u>424,700</u>	<u>222,288</u>	<u>48,609,855</u>	<u>144,114</u>
<b>Net Position</b>					
Net investment in capital assets	34,243,324	20,118,229	3,376,627	57,738,180	-
Restricted for:					
Debt service	4,685,841	-	-	4,685,841	-
Capital projects	2,483,062	-	-	2,483,062	-
Unrestricted	( 1,395,665)	18,107,456	65,504	16,777,295	2,450,892
<b>Total net position</b>	<u>\$ 40,016,562</u>	<u>\$ 38,225,685</u>	<u>\$ 3,442,131</u>	<u>\$ 81,684,378</u>	<u>\$ 2,450,892</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, 2013**

**TOTAL STATEMENT OF NET POSITION - PROPRIETARY FUNDS** \$ 81,684,378

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.

91,768

**Total net position - business-type activities**

\$ 81,776,146

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, 2013**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Water Fund</b>	<b>Transportation and Parking Fund</b>	<b>Golf Course Fund</b>	<b>Total Enterprise Funds</b>	
<b>Operating revenues</b>					
Charges for services	\$ 12,242,653	\$ 3,977,883	\$ 1,102,133	\$ 17,322,669	\$ 3,114,430
Miscellaneous	-	-	253,586	253,586	-
<b>Total operating revenues</b>	<u>12,242,653</u>	<u>3,977,883</u>	<u>1,355,719</u>	<u>17,576,255</u>	<u>3,114,430</u>
<b>Operating expenses</b>					
Salaries and benefits	1,904,621	4,120,081	588,144	6,612,846	635,023
Supplies, maintenance and services	3,447,380	2,374,941	411,328	6,233,649	1,241,373
Energy and utilities	851,641	1,281,871	78,671	2,212,183	1,309,680
Depreciation and amortization	2,478,012	1,375,493	242,453	4,095,958	-
<b>Total operating expenses</b>	<u>8,681,654</u>	<u>9,152,386</u>	<u>1,320,596</u>	<u>19,154,636</u>	<u>3,186,076</u>
Operating income (loss)	<u>3,560,999</u>	<u>( 5,174,503)</u>	<u>35,123</u>	<u>( 1,578,381)</u>	<u>( 71,646)</u>
<b>Nonoperating revenues (expenses)</b>					
Transit and resort sales tax	-	3,868,264	-	3,868,264	-
Investment income	81,685	112,037	2,515	196,237	-
Interest expense	( 1,482,154)	-	( 1,737)	( 1,483,891)	-
Bond issuance costs	( 175,364)	-	-	( 175,364)	-
Miscellaneous	170,279	-	-	170,279	-
<b>Total nonoperating revenues     (expenses)</b>	<u>( 1,405,554)</u>	<u>3,980,301</u>	<u>778</u>	<u>2,575,525</u>	<u>-</u>
Income (loss) before contributions and transfers	2,155,445	( 1,194,202)	35,901	997,144	( 71,646)
Capital contributions	711,464	1,533,393	129,024	2,373,881	-
Transfers in	-	-	25,000	25,000	-
Transfers out	( 610,000)	( 525,000)	( 109,000)	( 1,244,000)	-
<b>Change in net position</b>	<u>2,256,909</u>	<u>( 185,809)</u>	<u>80,925</u>	<u>2,152,025</u>	<u>( 71,646)</u>
<b>Net position - beginning, as previously reported</b>	38,613,878	36,498,208	3,361,206	78,473,292	2,522,538
Adjustment	( 854,225)	1,913,286	-	1,059,061	-
<b>Net position - beginning, as adjusted</b>	<u>37,759,653</u>	<u>38,411,494</u>	<u>3,361,206</u>	<u>79,532,353</u>	<u>2,522,538</u>
<b>Net position - ending</b>	<u>\$ 40,016,562</u>	<u>\$ 38,225,685</u>	<u>\$ 3,442,131</u>	<u>\$ 81,684,378</u>	<u>\$ 2,450,892</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, 2013**

<b>CHANGE IN NET POSITION - PROPRIETARY FUNDS</b>	<b>\$ 2,152,025</b>
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 (\$71,646) plus amount allocated to governmental activities of \$163,414 and reversal of prior year allocation of \$63,940.	<u>27,828</u>
<b>Change in net position of business-type activities</b>	<b><u><u>\$ 2,179,853</u></u></b>

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, 2013**

	<u>Business-type Activities-Enterprise Funds</u>				<u>Governmental Activities-Internal Service Funds</u>
	<u>Water Fund</u>	<u>Transportation and Parking Fund</u>	<u>Golf Course Fund</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities-Internal Service Funds</u>
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 12,056,943	\$ 3,545,072	\$ 1,358,819	\$ 16,960,834	\$ 3,108,911
Payments to suppliers	( 4,733,953)	( 3,705,257)	( 495,320)	( 8,934,530)	( 2,489,763)
Payments to employees	( 1,848,176)	( 4,038,003)	( 543,055)	( 6,429,234)	( 617,590)
Net cash provided by (used in) operating activities	<u>5,474,814</u>	<u>( 4,198,188)</u>	<u>320,444</u>	<u>1,597,070</u>	<u>1,558</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	-	-	25,000	25,000	-
Transfers to other funds	( 610,000)	( 525,000)	( 109,000)	( 1,244,000)	-
Transit and resort sales tax	-	3,834,468	-	3,834,468	-
Intergovernmental operating grants	-	1,949,327	-	1,949,327	-
Net cash provided by (used in) noncapital financing activities	<u>( 610,000)</u>	<u>5,258,795</u>	<u>( 84,000)</u>	<u>4,564,795</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>					
Net proceeds and premiums from capital debt	8,731,284	-	-	8,731,284	-
Payment to refunded bond holders-capital debt	( 3,419,000)	-	-	( 3,419,000)	-
Intergovernmental capital grants	-	3,468,530	-	3,468,530	-
Impact fees, contributions and grants	711,464	261,515	129,024	1,102,003	-
Acquisition and construction of capital assets	( 3,885,847)	( 805,076)	( 212,263)	( 4,903,186)	-
Principal paid on capital debt and interfund loan	( 2,587,000)	-	( 34,343)	( 2,621,343)	-
Interest paid on capital debt and interfund loan	( 1,836,136)	-	( 1,737)	( 1,837,873)	-
Bond issuance costs paid on capital debt	( 175,364)	-	-	( 175,364)	-
Federal subsidy on capital debt	170,279	-	-	170,279	-
Net cash provided by (used in) capital and related financing activities	<u>( 2,290,320)</u>	<u>2,924,969</u>	<u>( 119,319)</u>	<u>515,330</u>	<u>-</u>
<b>Cash flows from investing activities</b>					
Interest received on investments	85,691	112,512	2,518	200,721	-
Net cash provided by investing activities	<u>85,691</u>	<u>112,512</u>	<u>2,518</u>	<u>200,721</u>	<u>-</u>
<b>Net increase in cash, cash equivalents</b>	2,660,185	4,098,088	119,643	6,877,916	1,558
<b>Balances—beginning of the year</b>	10,774,777	12,978,297	108,832	23,861,906	2,180,911
<b>Balances—end of the year</b>	<u>\$ 13,434,962</u>	<u>\$ 17,076,385</u>	<u>\$ 228,475</u>	<u>\$ 30,739,822</u>	<u>\$ 2,182,469</u>
<b>Reconciliation to statement of net assets:</b>					
Cash, cash equivalents	\$ 6,266,059	\$ 17,076,385	\$ 228,475	\$ 23,570,919	\$ 2,182,469
Cash, cash equivalents held by fiscal agent	7,168,903	-	-	7,168,903	-
Total cash, cash equivalents	<u>\$ 13,434,962</u>	<u>\$ 17,076,385</u>	<u>\$ 228,475</u>	<u>\$ 30,739,822</u>	<u>\$ 2,182,469</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 3,560,999	\$ (5,174,503)	\$ 35,123	\$ (1,578,381)	\$ (71,646)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expense	2,478,012	1,375,493	242,453	4,095,958	-
Change in assets and liabilities:					
Receivables, net	( 185,710)	( 432,811)	3,100	( 615,421)	( 5,519)
Inventories	( 29,852)	-	( 6,758)	( 36,610)	36,611
Accounts and other payables	( 410,265)	( 52,948)	8,380	( 454,833)	24,679
Accrued expenses	61,630	86,581	38,146	186,357	17,433
Net cash provided by (used in) operating activities	<u>\$ 5,474,814</u>	<u>\$ (4,198,188)</u>	<u>\$ 320,444</u>	<u>\$ 1,597,070</u>	<u>\$ 1,558</u>

**Noncash investing, capital and financing activities:**

Included in investment income is an increase of \$103,289 in fair value for the year ended June 30, 2013.

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, 2013**

	<b>PARK CITY AGENCY FUND</b>
<b>ASSETS</b>	
Cash, cash equivalents and investments	\$ 1,408,521
<b>Total assets</b>	<b>\$ 1,408,521</b>
<b>LIABILITIES</b>	
Deposits payable	\$ 1,408,521
<b>Total liabilities</b>	<b>\$ 1,408,521</b>

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, 2013**

**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, 2013**

**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, 2013**

**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 73 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 52-55 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, 2013**

**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 backtrending (*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 interest expense on the bonds this fiscal year was \$20,512. The total interest income earned on invested bond proceeds was \$24,340. The net amount of \$3,828 was included as part of and thereby decreased 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:

<b>Assets</b>	<b>Years</b>
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, gains and losses on bond refunding, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains and losses on bond refunding are reported as deferred inflows and outflows.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

Bond issuance costs are expensed in the period in which they are incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures. The unamortized bond premiums/discounts were \$2,043,772.

**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 (\$30,727) 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 \$16,973,817 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.

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

***Fund Balance*** – Fund balances presented in the governmental fund financial statements represent the difference between assets and liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The City evaluated each of its funds at June 30, 2013 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 percent of total revenues be maintained in the general fund.

***Restricted Assets*** - Certain proceeds of the City's 2009A, 2009B, 2009C, 2010, 2012, 2012B and 2013A and B Series 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.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

The “construction fund” account with a balance at June 30, 2013 of \$2,483,062 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, 2013 of \$4,685,841 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 Series General Obligation Bonds and 2005A Series Sales Tax Revenue Bonds in the amount of \$239,615 are classified as restricted assets as well as impact fees of \$468,735. 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, 2013 of \$817 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. 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 \$417,255 under the guidelines described above. The supplemental budgetary appropriation was for increased utilities and a one-time cost for public safety communications equipment. For the year ended June 30, 2013, expenditures exceeded appropriations in the Library

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

and Recreation Department (the legal level of budgetary control) by \$10,385. These over-expenditures were funded by greater than anticipated revenues in the general fund.

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 \$28,114,905 and non-major capital project fund budgets included \$3,355,846 for a total of \$31,470,751 of prior-year unexpended capital projects appropriations. The adjusted capital projects fund budget represents the amount available for expenditures in the current year. Future projects and appropriations that are to come from funds available in future years are not reflected in the current year budget.

**7. Implementation of New GASB Pronouncements**

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement establishes specific guidance for accounting and financial reporting related to service concession arrangements (SCAs) which are a type of public-private partnership. The City adopted this Statement in fiscal year 2013. This Statement has no effect on the City's financial statements.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The City adopted this Statement in fiscal year 2013 and all component unit relationships were re-evaluated using the new criteria resulting in no changes to the reporting entity.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations, 2) Accounting Principles Board Opinions, 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The City adopted this Statement in fiscal year 2013.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The City adopted this Statement in fiscal year 2013.

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 which is required to be implemented in fiscal year 2013.

The GASB has issued the following Statements, which will become effective in future years as shown below:

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. Management has not yet determined the impact of this statement on the financial statements.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. 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 Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosure for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement are effective beginning in fiscal year 2014. Management has not yet determined the impact of this statement on the financial statements.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

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. 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.

**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, 2013:

	<u>Government-Wide Statement of Net Position</u>			<u>Fund Financials</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Fiduciary Fund Statement of Net Position</u>	<u>Total</u>
Held by city-unrestricted	\$ 40,914,897	\$ 23,570,919	\$ 64,485,816	\$ 1,408,521	\$ 65,894,337
Held by city-restricted	661,306	-	661,306	-	661,306
Total held by city	<u>\$ 41,576,203</u>	<u>\$ 23,570,919</u>	<u>\$ 65,147,122</u>	<u>\$ 1,408,521</u>	<u>\$ 66,555,643</u>
Held by fiscal agent	<u>\$ 47,861</u>	<u>\$ 7,168,903</u>	<u>\$ 7,216,764</u>	<u>\$ -</u>	<u>\$ 7,216,764</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

As of June 30, 2013, the City had the following deposits and investments, including \$1,408,521 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	\$ 125,238	\$ 125,238	\$ -
Federal Home Loan Mortgage Corporation	490,779	-	490,779
Federal Home Loan Bank	492,049	-	492,049
Corporate Bonds	1,463,849	1,264,413	199,436
	<u>2,571,915</u>	<u>\$ 1,389,651</u>	<u>\$ 1,182,264</u>
Other investments			
State treasurer's investment pool	62,741,893	<u>\$ 62,741,893</u>	
Total investments	<u>65,313,808</u>		
<u>Deposits</u>			
Cash deposits checking-net of outstanding checks	25,346		
Cash deposits money market/savings	1,210,269		
Cash on hand	6,220		
Total deposits	<u>1,241,835</u>		
Total cash, cash equivalents and investments held by city	<u>66,555,643</u>		
Held by fiscal agent:			
State treasurer's investment pool	7,216,764		
Total cash, cash equivalents and investments	<u>\$ 73,772,407</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, 2013**

**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, 2013, the City's deposits had a carrying value of \$25,346 and a bank balance of \$2,444,542. 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 \$2,571,915 at June 30, 2013, 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, 2013**

**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, 2013, are shown in the table below using Standard and Poor's rating scale:

	Fair Value	Quality Ratings	
		AA	A
<u>Primary government:</u>			
Debt securities			
Federal National Mortgage Association	\$ 125,238	\$ 125,238	\$ -
Federal Home Loan Mortgage Corporation	490,779	490,779	-
Federal Home Loan Bank	492,049	492,049	-
Corporate Bonds	1,463,849	250,971	1,212,878

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, 2013**

**NOTE C – NOTES RECEIVABLE**

Notes receivable of the governmental fund types at June 30, 2013 include various sale of assets, affordable housing, employee mortgage assistance 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, 2013:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,524,018	\$ 4,139	\$ 3,528,157
2015	1,501,659	3,676	1,505,335
2016	6,678	3,420	10,098
2017	6,059	3,057	9,116
2018	7,322	2,895	10,217
2019 - 2029	<u>56,731</u>	<u>10,617</u>	<u>67,348</u>
Total	<u>\$ 5,102,467</u>	<u>\$ 27,804</u>	<u>\$ 5,130,271</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE D – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and water rights	\$ 94,018,407	\$ 3,981,640	\$ -	\$ 98,000,047
Construction in progress	393,846	1,284,046	(144,022)	1,533,870
Art	493,246	91,110	-	584,356
Total capital assets, not being depreciated	<u>94,905,499</u>	<u>5,356,796</u>	<u>(144,022)</u>	<u>100,118,273</u>
Capital assets, being depreciated:				
Buildings	36,885,279	198,087	-	37,083,366
Improvements other than building	32,884,760	626,949	-	33,511,709
Vehicles and equipment	9,788,962	638,112	(215,779)	10,211,295
Infrastructure	102,831,235	1,249,385	-	104,080,620
Intangibles	5,684,478	11,540	-	5,696,018
Total capital assets, being depreciated	<u>188,074,714</u>	<u>2,724,073</u>	<u>(215,779)</u>	<u>190,583,008</u>
Less accumulated depreciation for:				
Buildings	(7,720,669)	(1,158,248)	-	(8,878,917)
Improvements other than building	(14,717,142)	(1,022,746)	-	(15,739,888)
Vehicles and equipment	(5,576,475)	(915,948)	210,469	(6,281,954)
Infrastructure	(75,044,325)	(2,689,873)	-	(77,734,198)
Intangibles	(179,457)	(43,989)	-	(223,446)
Total accumulated depreciation	<u>(103,238,068)</u>	<u>(5,830,804)</u>	<u>210,469</u>	<u>(108,858,403)</u>
Total capital assets, being depreciated, net	<u>84,836,646</u>	<u>(3,106,731)</u>	<u>(5,310)</u>	<u>81,724,605</u>
Governmental activities capital assets, net	<u>\$ 179,742,145</u>	<u>\$ 2,250,065</u>	<u>\$ (149,332)</u>	<u>\$ 181,842,878</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land and water rights	\$ 20,270,189	\$ -	\$ -	\$ 20,270,189
Construction in progress	1,465,480	2,068,180	(53,198)	3,480,462
Art	109,214	-	-	109,214
Total capital assets, not being depreciated	<u>21,844,883</u>	<u>2,068,180</u>	<u>(53,198)</u>	<u>23,859,865</u>
Capital assets, being depreciated:				
Buildings	16,185,762	-	-	16,185,762
Improvements other than building	72,348,568	2,383,409	-	74,731,977
Vehicles and equipment	20,949,053	537,499	(64,933)	21,421,619
Intangibles	27,810	-	-	27,810
Total capital assets, being depreciated	<u>109,511,193</u>	<u>2,920,908</u>	<u>(64,933)</u>	<u>112,367,168</u>
Less accumulated depreciation for:				
Buildings	(4,009,322)	(450,753)	-	(4,460,075)
Improvements other than building	(25,979,433)	(2,094,817)	-	(28,074,250)
Vehicles and equipment	(6,946,920)	(1,548,532)	65,273	(8,430,179)
Intangibles	(464)	(1,854)	-	(2,318)
Total accumulated depreciation	<u>(36,936,139)</u>	<u>(4,095,956)</u>	<u>65,273</u>	<u>(40,966,822)</u>
Total capital assets, being depreciated, net	<u>72,575,054</u>	<u>(1,175,048)</u>	<u>340</u>	<u>71,400,346</u>
Business-type activities capital assets, net	<u>\$ 94,419,937</u>	<u>\$ 893,132</u>	<u>\$ (52,858)</u>	<u>\$ 95,260,211</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE D – CAPITAL ASSETS, Continued**

Depreciation expense was charged to functions for the year ended June 30, 2013 as follows:

**Governmental activities:**

General government	\$ 1,979,792
Public safety	367,242
Public works	2,445,082
Library and recreation	1,038,688
Total governmental activities depreciation expense	<u>\$ 5,830,804</u>

**Business-type activities:**

Water	\$ 2,477,894
Transportation and parking	1,375,494
Golf course	242,568
Total business-type activities depreciation expense	<u>\$ 4,095,956</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE E – LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2013:

	Beginning Balance July 1, 2012	Additions	Reductions	Amortization	Ending Balance June 30, 2013	Due Within One Year
<b>Governmental activities:</b>						
Contracts payable	\$ 334,933	\$ 2,500,000	\$ (74,880)	\$ -	\$ 2,760,053	\$ 80,496
General obligation bonds:						
2003 series	2,275,000	-	(345,000)	-	1,930,000	360,000
2004 series-principal	4,775,000	-	(605,000)	-	4,170,000	630,000
2004 series-premium	53,937	-	-	(7,882)	46,055	-
2008 series-principal	8,375,000	-	(570,000)	-	7,805,000	585,000
2008 series-premium/discount	45,124	-	-	(3,810)	41,314	-
2009 series-principal	10,580,000	-	(1,050,000)	-	9,530,000	1,080,000
2009 series-premium/discount	148,801	-	-	(12,561)	136,240	-
2010A series-principal	1,515,000	-	(495,000)	-	1,020,000	505,000
2010A series-premium	33,979	-	-	(11,971)	22,008	-
2010B series-principal	5,290,000	-	(360,000)	-	4,930,000	360,000
2010B series-premium	76,786	-	-	(5,977)	70,809	-
Total general obligation bonds	<u>33,168,627</u>	<u>-</u>	<u>(3,425,000)</u>	<u>(42,201)</u>	<u>29,701,426</u>	<u>3,520,000</u>
Revenue bonds:						
Sales tax revenue bonds						
2005A series-principal	8,895,000	-	(865,000)	-	8,030,000	900,000
2005A series-premium	14,128	-	-	(1,575)	12,553	-
2010 refunding-principal	1,235,000	-	(300,000)	-	935,000	300,000
2010 refunding-premium	23,164	-	-	(6,689)	16,475	-
Total revenue bonds	<u>10,167,292</u>	<u>-</u>	<u>(1,165,000)</u>	<u>(8,264)</u>	<u>8,994,028</u>	<u>1,200,000</u>
Compensated absences	<u>602,238</u>	<u>565,235</u>	<u>(563,811)</u>	<u>-</u>	<u>603,662</u>	<u>269,794</u>
Total governmental activities	<u>\$ 44,273,090</u>	<u>\$ 3,065,235</u>	<u>\$ (5,228,691)</u>	<u>\$ (50,465)</u>	<u>\$ 42,059,169</u>	<u>\$ 5,070,290</u>
<b>Business-type activities:</b>						
2006 water revenue	\$ 3,606,000	\$ -	\$ (3,606,000)	\$ -	\$ -	\$ -
2009A water revenue	2,250,000	-	(125,000)	-	2,125,000	125,000
2009B water revenue refunding	11,155,000	-	(1,415,000)	-	9,740,000	1,470,000
2009B water revenue-premium	1,065,388	-	-	(152,977)	912,411	-
2009C water revenue	10,135,000	-	-	-	10,135,000	-
2010 water revenue	10,940,000	-	(650,000)	-	10,290,000	680,000
2010 water revenue-premium	744,600	-	-	(59,705)	684,895	-
2012 water revenue	4,160,000	-	(210,000)	-	3,950,000	220,000
2012 water revenue-premium	311,500	-	-	(20,812)	290,688	-
2012B water revenue	-	5,525,000	-	-	5,525,000	-
2012B water revenue-premium	-	123,766	-	(4,473)	119,293	-
2013A&B water revenue	-	3,045,000	-	-	3,045,000	215,000
2013A&B water revenue-premium	-	37,518	-	(1,033)	36,485	-
Compensated absences	199,128	144,388	(141,645)	-	201,871	93,568
Total business-type activities	<u>\$ 44,566,616</u>	<u>\$ 8,875,672</u>	<u>\$ (6,147,645)</u>	<u>\$ (239,000)</u>	<u>\$ 47,055,643</u>	<u>\$ 2,803,568</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**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 \$41,547 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**

In September 2003, the City issued General Obligation Bonds, Series 2003 in the amount of \$5,000,000 plus a premium of \$24,109 pursuant to a special bond election held on November 5, 2002. The proceeds of the bonds were used to acquire and forever preserve undeveloped park and recreational land. 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, 2013 were as follows:

Fiscal Year Ending June 30,	Series 2003 Dated Sept. 23, 2003, \$5,000,000 @ 2.00% to 4.05% per annum paid semi- annually (Nov. & May)		Series 2004 Dated July 22, 2004 \$9,000,000 @ 3.125% to 4.20% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2014	\$ 360,000	\$ 74,445	\$ 630,000	\$ 169,249
2015	370,000	61,305	655,000	144,049
2016	385,000	47,430	680,000	117,849
2017	400,000	32,608	705,000	90,649
2018	415,000	16,808	735,000	62,449
2019	-	-	765,000	32,130
Total	<u>1,930,000</u>	<u>232,596</u>	<u>4,170,000</u>	<u>616,375</u>
Plus unamortized premium	-	-	46,055	-
Total	<u>\$ 1,930,000</u>	<u>\$ 232,596</u>	<u>\$ 4,216,055</u>	<u>\$ 616,375</u>

In December 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. In June 2009, the City issued General Obligation Bonds Series 2009 in the amount

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

**General Obligation Bonds, Continued**

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, 2013 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
2014	\$ 585,000	\$ 320,381	\$ 1,080,000	\$ 326,860
2015	605,000	298,444	730,000	294,460
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	75,463	950,000	76,450
2024	870,000	39,150	985,000	39,400
Total	<u>7,805,000</u>	<u>2,099,488</u>	<u>9,530,000</u>	<u>2,115,252</u>
Plus unamortized premium/discount	41,314	-	136,240	-
Total	<u>\$ 7,846,314</u>	<u>\$ 2,099,488</u>	<u>\$ 9,666,240</u>	<u>\$ 2,115,252</u>

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, 2013 were as follows:

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

**General Obligation Bonds, Continued**

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
2014	\$ 505,000	\$ 21,688	\$ 360,000	\$ 211,333
2015	515,000	11,588	365,000	202,513
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	92,288
2023	-	-	450,000	71,190
2024	-	-	465,000	48,915
2025	-	-	480,000	25,200
Total	<u>1,020,000</u>	<u>33,276</u>	<u>4,930,000</u>	<u>1,579,484</u>
Plus unamortized premium/discount	22,008	-	70,809	-
Total	<u>\$ 1,042,008</u>	<u>\$ 33,276</u>	<u>\$ 5,000,809</u>	<u>\$ 1,579,484</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, 2013 the tax increment collected by the Main Street Redevelopment Agency was \$1,284,211 and the tax increment collected by the Lower Park Avenue Redevelopment Agency was \$2,305,162. The tax increment paid to another taxing agency by the Main Street Redevelopment Agency and by the Lower Park Avenue Redevelopment Agency was \$271,927 and \$557,051, respectively.

During the fiscal year, the Main Street Redevelopment Agency expended \$231,917 for site improvements and incurred \$30,000 in administrative costs. The Lower Park Avenue Redevelopment Agency expended \$550,824 for site improvements and incurred \$141,722 in administrative costs.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**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, 2013 were as follows:

Fiscal Year Ending		
June 30,	PRINCIPAL	INTEREST
2014	\$ 80,496	\$ 19,504
2015	2,586,533	13,467
2016	93,024	6,976
Total	<u>\$ 2,760,053</u>	<u>\$ 39,947</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, 2013 were as follows:

Fiscal Year Ending		
June 30,	PRINCIPAL	INTEREST
2014	\$ 1,470,000	\$ 426,600
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>9,740,000</u>	<u>1,656,100</u>
Plus unamortized premium	912,411	-
Total	<u>\$ 10,652,411</u>	<u>\$ 1,656,100</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, 2013**

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

**Water Revenue Refunding Bonds, Continued**

The debt service requirements for the water refunding bonds at June 30, 2013 were as follows:

Fiscal Year Ending June 30,	PRINCIPAL	INTEREST
2014	\$ -	\$ 124,312
2015	-	124,312
2016	-	124,312
2017	-	124,312
2018	-	124,312
2019	-	124,312
2020	-	124,313
2021	-	124,313
2022	-	124,313
2023	-	124,313
2024	-	124,313
2025	-	124,313
2026	-	124,313
2027	2,525,000	95,906
2028	3,000,000	33,750
Total	5,525,000	1,745,719
Plus unamortized premium	119,293	-
Total	<u>\$ 5,644,293</u>	<u>\$ 1,745,719</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, 2013 were as follows:

Fiscal Year Ending June 30,	PRINCIPAL	INTEREST
2014	\$ 215,000	\$ 57,138
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	3,045,000	410,338
Plus unamortized premium	36,485	-
Total	<u>\$ 3,081,485</u>	<u>\$ 410,338</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**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. The debt service requirements for these bonds at June 30, 2013 were as follows:

Fiscal Year Ending June 30,	PRINCIPAL	INTEREST
2014	\$ -	\$ 508,638
2015	-	508,638
2016	-	508,638
2017	-	508,638
2018	-	508,638
2019	-	508,637
2020	1,900,000	508,637
2021	1,960,000	419,337
2022	2,025,000	323,297
2023	2,090,000	221,035
2024	2,160,000	113,400
Total	<u>\$ 10,135,000</u>	<u>\$ 4,637,533</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

**Water Revenue Bonds, Continued**

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, 2013 were as follows:

Fiscal Year Ending	PRINCIPAL	INTEREST
June 30,		
2014	\$ 680,000	\$ 408,850
2015	700,000	388,250
2016	725,000	366,750
2017	755,000	337,150
2018	790,000	302,300
2019	825,000	261,925
2020	870,000	219,550
2021	910,000	179,600
2022	950,000	142,400
2023	1,000,000	103,400
2024	1,015,000	63,100
2025	1,070,000	21,400
Total	10,290,000	2,794,675
Plus unamortized premium	684,895	-
Total	\$ 10,974,895	\$ 2,794,675

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**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. The debt service requirements for these bonds at June 30, 2013 were as follows:

Fiscal Year Ending June 30,	PRINCIPAL	INTEREST
2014	\$ 220,000	\$ 112,550
2015	230,000	108,150
2016	240,000	103,550
2017	245,000	98,750
2018	255,000	93,850
2019	265,000	86,200
2020	280,000	78,250
2021	290,000	69,850
2022	300,000	61,150
2023	310,000	52,150
2024	315,000	42,850
2025	325,000	33,400
2026	335,000	23,650
2027	340,000	13,600
Total	3,950,000	977,950
Plus unamortized premium	290,688	-
Total	\$ 4,240,688	\$ 977,950

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**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 114 of this report. The debt service requirements for the bonds at June 30, 2013 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
2014	\$ 900,000	\$ 335,612	\$ 300,000	\$ 19,250
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	<u>8,030,000</u>	<u>1,527,726</u>	<u>935,000</u>	<u>35,188</u>
Plus unamortized premium	<u>12,553</u>	<u>-</u>	<u>16,475</u>	<u>-</u>
Total	<u><u>\$ 8,042,553</u></u>	<u><u>\$ 1,527,726</u></u>	<u><u>\$ 951,475</u></u>	<u><u>\$ 35,188</u></u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

The annual debt service requirements for all long-term debt outstanding as of June 30, 2013 by activity are as follows:

Year ending June 30,	Governmental Activities			Business-Type Activities
	Contracts Payable	General Obligation Bonds	Revenue Bonds	
Principal				
2014	\$ 80,496	\$ 3,520,000	\$ 1,200,000	\$ 2,710,000
2015	2,586,533	3,240,000	1,250,000	2,790,000
2016	93,024	2,810,000	1,305,000	2,880,000
2017	-	2,905,000	1,020,000	2,980,000
2018	-	3,005,000	1,060,000	3,115,000
2019-2023	-	11,105,000	3,130,000	17,605,000
2024-2028	-	2,800,000	-	12,480,000
2029-2030	-	-	-	250,000
Total	2,760,053	29,385,000	8,965,000	44,810,000
Plus unamortized premium/discount	-	316,426	29,028	2,043,772
Total	<u>\$ 2,760,053</u>	<u>\$ 29,701,426</u>	<u>\$ 8,994,028</u>	<u>\$ 46,853,772</u>
Interest				
2014	\$ 19,504	\$ 1,123,956	\$ 354,862	\$ 1,638,089
2015	13,467	1,012,359	311,550	1,566,350
2016	6,976	904,219	256,862	1,475,001
2017	-	802,302	213,463	1,373,300
2018	-	695,002	172,663	1,247,151
2019-2023	-	1,985,968	253,514	4,085,030
2024-2028	-	152,665	-	837,394
Total	<u>\$ 39,947</u>	<u>\$ 6,676,471</u>	<u>\$ 1,562,914</u>	<u>\$ 12,222,315</u>

**Defeasance of debt**

The Water Revenue Bonds Series 2006 with an average interest rate of 3.5 percent were currently refunded during the fiscal year. On December 14, 2012 the City issued \$5,525,000 in Water Revenue and Refunding Bonds Series 2012B with an average interest rate of 2.25 percent. A portion of the bond proceeds were used for a current refunding of \$390,000 of outstanding Water Revenue Bonds Series 2006. On February 21, 2013 the City issued \$3,045,000 in Water Revenue and Refunding Bonds Series 2013 A and B with an average interest rate of 2.00 percent. An aggregate amount of \$3,418,381 (representing \$3,045,000 of proceeds together with \$317,510 released from the debt service reserve fund securing the Series 2006 Bonds and \$55,871 of City funds) currently refunded \$3,029,000 of outstanding Water Revenue Bonds Series 2006. The reacquisition price was the same as the net carrying amount of the old debt. 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 \$282,347. The refunding also decreased the City's total debt service payments over the next fourteen years by approximately \$391,405.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**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 12.03 percent of their annual covered salary. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 16.04 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 19.08 percent of their annual salary and 30.45 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 12.74 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 14.33 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, 2013**

**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, 2013, 2012 and 2011 were \$261,612, \$208,426 and \$184,188, respectively. For the Noncontributory Retirement System the contributions for June 30, 2013, 2012 and 2011 were \$1,416,235, \$1,306,868 and \$1,177,748, 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, 2013, 2012 and 2011 were \$458,979, \$428,171, and \$391,666, respectively. For the Tier 2 Defined Contribution Retirement System the contributions for June 30, 2013 and 2012 were \$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, 2013 was \$17,150,600. Of that amount, \$9,178,769 was eligible to participate in this plan. The City participated at a rate of .50 percent, under City resolution for the year ended June 30, 2013 for employees covered by the State Contributory System retirement plan, .50 percent for employees covered by the State Noncontributory System retirement plan, and 16.04 percent under State Statute for a limited number of employees that are exempt from the State plan. During the year ended June 30, 2013 contributions totaling \$168,669 or 1.84 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, 2013 was \$17,150,600. The City's covered payroll eligible for this plan totaled \$12,371,564 for the year ended June 30, 2013. 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 \$238,801 or 1.93 percent of covered payroll were made by the City and voluntary contributions totaling \$655,108 or 5.30 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, 2013**

**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, 2013 are as follows:

Capital Projects Funds	\$ 174,594
Enterprise Funds	\$1,296,240

**NOTE I- INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues were received by governmental fund types for the year ended June 30, 2013. They consist of the following:

State of Utah Class "C" road allotments	\$ 340,981
State contributions	315,452
County contributions	661,510
Federal contributions	<u>86,333</u>
Total	<u>\$ 1,404,276</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, 2013 was as follows:

Fiscal Year Ending <u>June 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	\$ 34,862	\$ 1,218
2015	35,389	692
2016	26,892	168
	<u>\$ 97,143</u>	<u>\$ 2,078</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**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, 2011	\$	-
Incurring claims		59,797
Claim payments		59,797
		<hr style="width: 100%;"/>
Unpaid claims as of June 30, 2012		-
Incurring claims		93,657
Claim payments		93,657
		<hr style="width: 100%;"/>
Unpaid claims as of June 30, 2013	\$	<hr style="width: 100%;"/>

**NOTE L – BUDGET RECONCILIATION**

A reconciliation of the original 2012-2013 budget, to the final legally adopted budget for all governmental fund types net of transfers approved in June 2013 is as follows:

	<u>Original Budget</u>	<u>Increase (Decrease)</u>	<u>Budget as Revised</u>
<b>General Fund:</b>			
Revenues	\$ 24,677,600	\$ 628,863	\$ 25,306,463
Expenditures	25,009,823	417,255	25,427,078
<b>Debt Service Funds:</b>			
Revenues	\$ 4,656,287	\$ 6,216	\$ 4,662,503
Expenditures	6,248,606	-	6,248,606
<b>Capital Projects Funds:</b>			
Revenues	\$ 6,698,407	\$ 12,798,680	\$ 19,497,087
Expenditures	9,158,458	31,297,554	40,456,012

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE M – INTERFUND TRANSFERS**

**Fund Financial Statements**

Transfers were made to and from several funds during the course of the year ended June 30, 2013. 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 \$49,400 to the Capital Improvements Fund for construction projects and \$905,000 to the Equipment Replacement Capital Projects Fund for future replacement of rolling stock and computer equipment. Several funds transferred a total of \$1,561,588 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: \$141,722 received from the Lower Park Avenue RDA Capital Projects Fund, \$30,000 received from the Main Street RDA Capital Projects Fund, \$610,000 from the Water Fund, \$525,000 from the Transportation and Parking Fund and \$109,000 from the Golf Fund for administrative expenses for the year ended June 30, 2013:

		Transfers into:				Business- Type Activities	
		Major Funds					
		Capital Improvement Fund	Sales Tax Revenue & Refunding - DSF	Nonmajor Funds	Golf Course Fund	Total	
Transfers out from:	General Fund						
<b>Governmental activities</b>							
Major funds:							
General fund	\$ -	\$ 49,400	\$ 180,847	\$ 905,000	\$ 25,000	\$ 1,160,247	
Capital improvement fund	-	-	134,366	-	-	134,366	
RDA cip - park ave	141,722	-	326,375	-	-	468,097	
Sales tax rev & refund - DSF	-	800,000	-	-	-	800,000	
Nonmajor funds:							
Other funds	30,000	-	920,000	-	-	950,000	
<b>Business-type activities</b>							
Water fund	610,000	-	-	-	-	610,000	
Transportation and parking	525,000	-	-	-	-	525,000	
Golf course fund	109,000	-	-	-	-	109,000	
Total	\$ 1,415,722	\$ 849,400	\$ 1,561,588	\$ 905,000	\$ 25,000	\$ 4,756,710	

**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, 2013**

**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, 2013, 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	\$ -	\$ -	\$ 221,301	\$ -	\$ -	\$ 221,301
Loan to Elliott Work Group Dev.	-	-	-	1,732,899	-	1,732,899
Property tax levied-not yet collected	8,627,559	4,643,956	-	2,402,302	1,300,000	16,973,817
Receivable sale of land	-	-	3,245,410	-	-	3,245,410
	<u>\$ 8,627,559</u>	<u>\$ 4,643,956</u>	<u>\$ 3,466,711</u>	<u>\$ 4,135,201</u>	<u>\$ 1,300,000</u>	<u>\$ 22,173,427</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 \$20,120,000 at June 30, 2013.

**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, 2013**

**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, 2013**

**NOTE R – RESTATEMENTS**

**Change in Accounting Principle**

In fiscal year 2013, the City has early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which required costs of issuance to be reported as period costs. Previously costs of issuance were reported as assets and amortized over the life of the debt. The City restated the prior period beginning balance for a change in accounting principle for cost of issuance at the entity-wide level for governmental activities and business-type activities and at the proprietary fund level as follows:

	<u>Previously Reported</u>	<u>Adjustment</u>	<u>Restated</u>
Governmental activities	\$ 181,555,384	\$ (558,116)	\$ 180,997,268
Business-type activities	78,537,232	(494,636)	78,042,596
Proprietary fund-water	38,613,878	(494,636)	38,119,242

**Prior Period Adjustment**

In the water fund the City identified certain costs associated with capital assets that should have been reported as period costs and not assets. The City also identified costs for purchase of water that were expensed in fiscal year 2012 but were actually a prepayment for water used in fiscal year 2013. In the transportation and parking fund the City identified certain costs associated with capital assets that should have been reported as assets and not period costs. Adjustments resulting from a restatement of beginning net position of the proprietary water fund and transportation and parking fund and entity-wide level for business-type activities are as follows:

	<u>Net Position</u>	<u>Adjustment</u>	<u>Restated</u>
Business-type activities	\$ 78,042,596	\$ 1,553,697	\$ 79,596,293
Proprietary fund-water	38,119,242	(359,589)	37,759,653
Proprietary fund-transportation and parking	36,498,208	1,913,286	38,411,494

**NOTE S – SUBSEQUENT EVENTS**

On August 28, 2013, the City issued General Obligation Bonds Series 2013A in the par amount of \$7,170,000 with a premium of \$92,775. The bonds were issued pursuant to a bond election held November 6, 2007 authorizing the City to issue bonds to acquire, construct, improve and modify pathways, roads and related improvements for use by pedestrians and cyclists. The interest rate on the bonds varies from 2.0 percent to 3.25 percent. The bonds mature May 1, 2028.

On August 28, 2013, the City issued General Obligation Bonds Series 2013B in the par amount of \$1,930,000 with a premium of \$50,769. The bond proceeds in addition to City funds of \$12,257 were used to refund \$1,930,000 of Park City Municipal General Obligation Bonds Series 2003. The interest rate on the bonds is 2.0 percent. The bonds mature May 1, 2018.

**SUPPLEMENTARY  
INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

# 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, 2013**

	<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>	
<b>Assets</b>				
Cash, cash equivalents and investments	\$ 1,256,834	\$ 525,846	\$ 1,586,254	\$ 3,368,934
Receivables				
Taxes	1,325,662	-	-	1,325,662
Accounts	67	23	-	90
Total assets	<u>\$ 2,582,563</u>	<u>\$ 525,869</u>	<u>\$ 1,586,254</u>	<u>\$ 4,694,686</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Accounts payable	\$ 38,840	\$ -	\$ -	\$ 38,840
Deferred inflows of resources-property tax	1,300,000	-	-	1,300,000
Total liabilities and deferred inflows of resources	<u>1,338,840</u>	<u>-</u>	<u>-</u>	<u>1,338,840</u>
<b>Fund Balances</b>				
Committed-capital projects	1,243,723	525,869	1,586,254	3,355,846
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 2,582,563</u>	<u>\$ 525,869</u>	<u>\$ 1,586,254</u>	<u>\$ 4,694,686</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, 2013**

	<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>	
<b>Revenues</b>				
Taxes and special assessments	\$ 1,284,211	\$ -	\$ -	\$ 1,284,211
Investment income	8,112	3,108	-	11,220
Total revenues	<u>1,292,323</u>	<u>3,108</u>	<u>-</u>	<u>1,295,431</u>
<b>Expenditures</b>				
Capital outlay	503,844	-	580,466	1,084,310
Debt service-interest	-	1,500	-	1,500
Total expenditures	<u>503,844</u>	<u>1,500</u>	<u>580,466</u>	<u>1,085,810</u>
Excess (deficiency) of revenues over (under) expenditures	<u>788,479</u>	<u>1,608</u>	<u>( 580,466)</u>	<u>209,621</u>
<b>Other financing sources (uses)</b>				
Sale of capital assets	-	-	17,586	17,586
Transfers in	-	-	905,000	905,000
Transfers out	<u>( 950,000)</u>	<u>-</u>	<u>-</u>	<u>(950,000)</u>
Total other financing sources (uses)	<u>( 950,000)</u>	<u>-</u>	<u>922,586</u>	<u>( 27,414)</u>
<b>Net change in fund balances</b>	( 161,521)	1,608	342,120	182,207
<b>Fund balances - beginning</b>	<u>1,405,244</u>	<u>524,261</u>	<u>1,244,134</u>	<u>3,173,639</u>
<b>Fund balances - ending</b>	<u>\$ 1,243,723</u>	<u>\$ 525,869</u>	<u>\$ 1,586,254</u>	<u>\$ 3,355,846</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues - investment income</b>	\$ -	\$ 10,000	\$ 6,540	\$ (3,460)
<b>Expenditures:</b>				
Debt service				
Principal	1,165,000	1,165,000	1,165,000	-
Interest	404,713	404,713	401,587	3,126
Total expenditures	<u>1,569,713</u>	<u>1,569,713</u>	<u>1,566,587</u>	<u>3,126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,569,713)</u>	<u>(1,559,713)</u>	<u>(1,560,047)</u>	<u>(334)</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,561,588	1,561,588	1,561,588	-
Transfers out	-	(800,000)	(800,000)	-
Total other financing sources	<u>1,561,588</u>	<u>761,588</u>	<u>761,588</u>	<u>-</u>
<b>Net change in fund balance</b>	(8,125)	(798,125)	(798,459)	(334)
<b>Fund balance - beginning</b>	1,891,701	1,958,854	1,958,854	-
<b>Fund balance - ending</b>	<u>\$ 1,883,576</u>	<u>\$ 1,160,729</u>	<u>\$ 1,160,395</u>	<u>\$ (334)</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes				
General property tax	\$ 4,565,873	\$ 4,565,873	\$ 4,565,873	\$ -
Delinquent taxes	12,000	12,000	12,000	-
Investment income	-	1,350	1,424	74
Rental and other	78,414	73,280	73,280	-
Total revenues	<u>4,656,287</u>	<u>4,652,503</u>	<u>4,652,577</u>	<u>74</u>
<b>Expenditures:</b>				
Debt service				
Principal	3,425,000	3,425,000	3,425,000	-
Interest	1,253,893	1,253,893	1,232,796	21,097
Total expenditures	<u>4,678,893</u>	<u>4,678,893</u>	<u>4,657,796</u>	<u>21,097</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,606)</u>	<u>(26,390)</u>	<u>(5,219)</u>	<u>21,171</u>
<b>Net change in fund balance</b>	<b>(22,606)</b>	<b>(26,390)</b>	<b>(5,219)</b>	<b>21,171</b>
<b>Fund balance - beginning</b>	<u>396,024</u>	<u>412,312</u>	<u>373,318</u>	<u>( 38,994)</u>
<b>Fund balance - ending</b>	<u><u>\$ 373,418</u></u>	<u><u>\$ 385,922</u></u>	<u><u>\$ 368,099</u></u>	<u><u>\$ (17,823)</u></u>

**Park City Municipal Corporation, Utah**  
**Capital Improvements Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes and special assessments	\$ 2,081,000	\$ 2,631,000	\$ 2,521,908	\$ (109,092)
Intergovernmental	350,000	1,086,023	1,060,368	(25,655)
Investment income	-	20,000	120,698	100,698
Impact fees	357,407	614,327	201,235	(413,092)
Miscellaneous	250,000	11,684,737	687,721	( 10,997,016)
Total revenues	<u>3,038,407</u>	<u>16,036,087</u>	<u>4,591,930</u>	<u>(11,444,157)</u>
<b>Expenditures:</b>				
Capital outlay				
Land and building acquisition	-	2,926,269	1,550,140	1,376,129
Street and storm drain improvements	1,255,000	2,890,893	933,684	1,957,209
Building renovation and construction	616,021	2,065,899	475,823	1,590,076
Improvements other than building	1,183,456	24,392,559	3,165,310	21,227,249
City parks and cemetery improvements	207,000	226,426	12,539	213,887
Equipment	197,500	496,369	288,179	208,190
Total expenditures	<u>3,458,977</u>	<u>32,998,415</u>	<u>6,425,675</u>	<u>26,572,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(420,570)</u>	<u>(16,962,328)</u>	<u>(1,833,745)</u>	<u>15,128,583</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	849,400	849,400	-
Transfers out	(134,366)	(134,366)	(134,366)	-
Total other financing sources (uses)	<u>(134,366)</u>	<u>715,034</u>	<u>715,034</u>	<u>-</u>
<b>Net change in fund balance</b>	<b>(554,936)</b>	<b>(16,247,294)</b>	<b>(1,118,711)</b>	<b>15,128,583</b>
<b>Fund balance - beginning</b>	<u>1,000,206</u>	<u>19,876,401</u>	<u>19,973,501</u>	<u>97,100</u>
<b>Fund balance - ending</b>	<u>\$ 445,270</u>	<u>\$ 3,629,107</u>	<u>\$ 18,854,790</u>	<u>\$ 15,225,683</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property tax	\$ 2,357,000	\$ 2,235,000	\$ 2,305,162	\$ 70,162
Investment income	-	26,000	58,780	32,780
Total revenues	<u>2,357,000</u>	<u>2,261,000</u>	<u>2,363,942</u>	<u>102,942</u>
<b>Expenditures:</b>				
Capital outlay				
Land and building acquisition	-	1,632,268	198,753	1,433,515
Street and storm drain improvements	-	49,614	9,769	39,845
Improvements other than building	3,887,500	2,286,757	680,814	1,605,943
City parks and cemetery improvements	150,000	261,947	218,539	43,408
Total expenditures	<u>4,037,500</u>	<u>4,230,586</u>	<u>1,107,875</u>	<u>3,122,711</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,680,500)</u>	<u>(1,969,586)</u>	<u>1,256,067</u>	<u>3,225,653</u>
Other financing (uses)-transfers out	<u>(426,375)</u>	<u>(468,097)</u>	<u>(468,097)</u>	<u>-</u>
<b>Net change in fund balance</b>	<b>(2,106,875)</b>	<b>(2,437,683)</b>	<b>787,970</b>	<b>3,225,653</b>
<b>Fund balance - beginning</b>	<u>3,692,424</u>	<u>9,084,417</u>	<u>9,133,451</u>	<u>49,034</u>
<b>Fund balance - ending</b>	<u><u>\$ 1,585,549</u></u>	<u><u>\$ 6,646,734</u></u>	<u><u>\$ 9,921,421</u></u>	<u><u>\$ 3,274,687</u></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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property tax	\$ 1,300,000	\$ 1,192,000	\$ 1,284,211	\$ 92,211
Investment income	-	5,000	8,112	3,112
Total revenues	<u>1,300,000</u>	<u>1,197,000</u>	<u>1,292,323</u>	<u>95,323</u>
<b>Expenditures:</b>				
Capital outlay				
Building renovation and construction	-	10,030	-	10,030
Improvements other than building	<u>507,500</u>	<u>1,017,443</u>	<u>503,844</u>	<u>513,599</u>
Total expenditures	<u>507,500</u>	<u>1,027,473</u>	<u>503,844</u>	<u>523,629</u>
Excess of revenues over expenditures	<u>792,500</u>	<u>169,527</u>	<u>788,479</u>	<u>618,952</u>
Other financing (uses)-transfers out	<u>(950,000)</u>	<u>(950,000)</u>	<u>(950,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	<b>(157,500)</b>	<b>(780,473)</b>	<b>(161,521)</b>	<b>618,952</b>
<b>Fund balance - beginning</b>	<b>744,183</b>	<b>1,397,569</b>	<b>1,405,244</b>	<b>7,675</b>
<b>Fund balance - ending</b>	<b><u>\$ 586,683</u></b>	<b><u>\$ 617,096</u></b>	<b><u>\$ 1,243,723</u></b>	<b><u>\$ 626,627</u></b>

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues - Investment income</b>	\$ 3,000	\$ 3,000	\$ 3,108	\$ 108
<b>Expenditures:</b>				
Debt service				
Principal	244,981	244,981	-	244,981
Interest	4,500	4,500	1,500	3,000
Total expenditures	<u>249,481</u>	<u>249,481</u>	<u>1,500</u>	<u>247,981</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(246,481)</u>	<u>(246,481)</u>	<u>1,608</u>	<u>248,089</u>
<b>Net change in fund balance</b>	(246,481)	(246,481)	1,608	248,089
<b>Fund balance - beginning</b>	517,884	521,568	524,261	2,693
<b>Fund balance - ending</b>	<u>\$ 271,403</u>	<u>\$ 275,087</u>	<u>\$ 525,869</u>	<u>\$ 250,782</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Capital outlay - equipment	905,000	1,950,057	580,466	1,369,591
Total expenditures	<u>905,000</u>	<u>1,950,057</u>	<u>580,466</u>	<u>1,369,591</u>
<b>Other financing sources</b>				
Sale of capital assets	-	9,000	17,586	8,586
Transfers in	905,000	905,000	905,000	-
Total other financing sources	<u>905,000</u>	<u>914,000</u>	<u>922,586</u>	<u>8,586</u>
<b>Net change in fund balance</b>	-	(1,036,057)	342,120	1,378,177
<b>Fund balance - beginning</b>	195,521	1,244,134	1,244,134	-
<b>Fund balance - ending</b>	<u>\$ 195,521</u>	<u>\$ 208,077</u>	<u>\$ 1,586,254</u>	<u>\$ 1,378,177</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, 2013**

	<u>Fleet Services Fund</u>	<u>Self- Insurance Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 739,533	\$ 1,442,936	\$ 2,182,469
Accounts receivable	58,401	-	58,401
Inventories	354,136	-	354,136
Total current assets	<u>1,152,070</u>	<u>1,442,936</u>	<u>2,595,006</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>
<b>Total assets</b>	<u>1,152,070</u>	<u>1,442,936</u>	<u>2,595,006</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	83,444	19,123	102,567
Compensated absences	<u>8,244</u>	<u>-</u>	<u>8,244</u>
Total current liabilities	<u>91,688</u>	<u>19,123</u>	<u>110,811</u>
Noncurrent liability-compensated absences	<u>33,303</u>	<u>-</u>	<u>33,303</u>
<b>Total liabilities</b>	<u>124,991</u>	<u>19,123</u>	<u>144,114</u>
<b>Total net position-unrestricted</b>	<u>\$ 1,027,079</u>	<u>\$ 1,423,813</u>	<u>\$ 2,450,892</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, 2013**

	<b>Fleet Services Fund</b>	<b>Self- Insurance Fund</b>	<b>Total</b>
<b>Operating revenues-charges for services</b>	<u>\$ 2,910,430</u>	<u>\$ 204,000</u>	<u>\$ 3,114,430</u>
<b>Operating expenses</b>			
Salaries and benefits	635,023	-	635,023
Supplies, maintenance and services	612,935	628,438	1,241,373
Energy and utilities	1,309,680	-	1,309,680
Total operating expenses	<u>2,557,638</u>	<u>628,438</u>	<u>3,186,076</u>
Income (loss) from operations and change in net position	<u>352,792</u>	<u>( 424,438)</u>	<u>( 71,646)</u>
<b>Net position - beginning</b>	674,287	1,848,251	2,522,538
<b>Net position - ending</b>	<u>\$ 1,027,079</u>	<u>\$ 1,423,813</u>	<u>\$ 2,450,892</u>

**Park City Municipal Corporation, Utah**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2013**

	<b>Fleet Services Fund</b>	<b>Self- Insurance Fund</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 2,904,911	\$ 204,000	\$ 3,108,911
Payments to suppliers	( 1,866,959)	( 622,804)	( 2,489,763)
Payments to employees	( 617,590)	-	( 617,590)
Net cash provided by (used in) operating activities	<u>420,362</u>	<u>( 418,804)</u>	<u>1,558</u>
Net increase (decrease) in cash, cash equivalents and investments	420,362	( 418,804)	1,558
<b>Balances—beginning of the year</b>	<u>319,171</u>	<u>1,861,740</u>	<u>2,180,911</u>
<b>Balances—end of the year</b>	<u>\$ 739,533</u>	<u>\$ 1,442,936</u>	<u>\$ 2,182,469</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 352,792	\$ (424,438)	\$ (71,646)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Receivables, net	( 5,519)	-	( 5,519)
Inventories	36,611	-	36,611
Accounts and other payables	19,045	5,634	24,679
Accrued expenses	17,433	-	17,433
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 420,362</u>	<u>\$ (418,804)</u>	<u>\$ 1,558</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, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Park City Agency</b>				
<b>Assets</b>				
Cash, cash equivalents and investments	\$ <u>1,058,756</u>	\$ <u>831,910</u>	\$ <u>(482,145)</u>	\$ <u>1,408,521</u>
<b>Liabilities</b>				
Deposits	\$ <u>1,058,756</u>	\$ <u>831,910</u>	\$ <u>(482,145)</u>	\$ <u>1,408,521</u>

## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> - 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	96
Changes in Net Position	97
Fund Balances of Governmental Funds	99
Changes in Fund Balances of Governmental Funds	100
<b>Revenue Capacity</b> - 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	101
Assessed Value of Taxable Property Excluding Fee-In-Lieu	102
Assessed Value of Taxable Property Including Fee-In-Lieu	103
Taxable Sales by Category	104
Direct and Overlapping Property Tax Rates	105
Direct and Overlapping Sales Tax Rate	106
Principal Property Taxpayers	107
City Tax Revenue Collected by County	108
Property Tax Levies and Collections	109
<b>Debt Capacity</b> -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	110
Ratios of General Bonded Debt Outstanding	111
Direct and Overlapping Governmental Activities Debt	112
Legal Debt Margin Information	113
Pledged Revenue Coverage	114
Water Fund Refunding Revenue Bonds	115
<b>Demographic and Economic Information</b> -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	116
Principal Employers	117
<b>Operating Information</b> -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	118
Population Statistics	119
Transient Room Capacity as a Percentage of Population	120
Historical Pledged Taxes	121
Operating Indicators by Function	122
Capital Asset Statistics by Function	123
Schedule of Insurance in Force	124
Five-Year Financial Summaries	125

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

**THIS PAGE LEFT BLANK INTENTIONALLY**

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012*	2013
Governmental activities										
Net investment in capital assets	\$ 76,844,603	\$ 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
Restricted	4,758,014	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
Unrestricted	41,563,061	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
Total governmental activities net position	<u>\$ 123,165,678</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 30,621,505	\$ 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
Restricted	4,890,128	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
Unrestricted	5,071,623	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
Total business-type activities net position	<u>\$ 40,583,256</u>	<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>
Primary government										
Net investment in capital assets	\$ 107,466,108	\$ 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
Restricted	9,648,142	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
Unrestricted	46,634,684	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
Total primary government net position	<u>\$ 163,748,934</u>	<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>

\* Restated

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012(6)	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 7,846,791	\$ 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
Public safety	3,105,264	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
Public works	7,466,892	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
Library and recreation	2,668,135	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
Interest on long-term debt	1,416,853	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
Total governmental activities expenses	<u>22,503,935</u>	<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>
Business-type activities:										
Water	5,635,628	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
Transportation and parking	4,485,535	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
Golf course	1,345,877	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
Total business-type activities expenses	<u>11,467,040</u>	<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>
Total primary government expenses	<u>\$ 33,970,975</u>	<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>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 1,808,891	\$ 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
Public safety	8,670	4,920	4,625	2,290	1,350	1,695	2,550	2,700	6,593	12,313
Public works	16,670	20,000	54,660	50,515	209,828	249,405	201,643	219,843	222,708	246,390
Library and recreation	883,021	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
Operating grants and contributions	157,519	53,418	191,803	126,395	158,494	111,044	88,142	126,759	151,111	350,352
Capital grants and contributions	4,487,886	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
Total governmental activities program revenues	<u>7,362,657</u>	<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>
Business-type activities:										
Charges for services										
Water	4,443,168	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
Transportation and parking	1,705,022	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
Golf course	958,295	857,200	896,091	948,753	955,473	994,049	843,621	878,237	1,033,286	1,102,133
Operating grants and contributions	188,377	339,700	-	1,536,448	54,774	1,186,122	3,219,683	-	3,681,732	-
Capital grants and contributions	391,320	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
Total business-type activities program revenues	<u>7,686,182</u>	<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>
Total primary government program revenues	<u>\$ 15,048,839</u>	<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>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (15,141,278)	\$ (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)
Business-type activities	(3,780,858)	303,907	(142,277)	2,008,928	(231,375)	588,919	(84,872)	264,701	2,507,904	(2,308,513)
Total primary government net expense	<u>\$ (18,922,136)</u>	<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>

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012(6)	2013
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property tax, levied for general purposes	\$ 9,584,191	\$ 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
Property tax, levied for debt service	1,711,909	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
General sales and use tax	3,400,877	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
Franchise tax	1,854,981	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
Resort tax	3,158,783	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
Investment earnings	758,492	1,481,694	2,976,800	3,968,351	3,669,971	1,646,364	753,587	399,928	283,191	258,657
Miscellaneous	496,246	342,398	1,275,609	983,013	793,279	874,055	1,124,367	1,022,968	944,093	1,203,599
Gain/Loss on sale of capital assets	-	-	1,051,678	3,079,451	761,706	(46,785)	-	215,705	-	-
Transfers	2,189,364	-	-	-	-	-	(1,132,821)	(168,969)	-	-
Total governmental activities	23,154,843	24,463,374	28,996,938	32,784,620	30,442,010	26,999,916	27,924,409	30,378,531	31,990,775	32,836,029
Business-type activities:										
General sales and use tax	2,219,524	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
Investments earnings	148,436	275,885	465,996	821,835	892,754	543,562	339,629	438,221	247,058	196,237
Miscellaneous	433,609	482,570	331,125	429,555	328,045	287,241	362,277	402,326	434,097	423,865
Transfers	(2,189,364)	-	-	-	-	-	1,132,821	168,969	-	-
Total business-type activities	612,205	3,413,943	3,668,586	4,720,965	4,771,337	3,267,641	4,962,494	4,512,956	4,479,280	4,488,366
Total primary government	\$ 23,767,048	\$ 27,877,317	\$ 32,665,524	\$ 37,505,585	\$ 35,213,347	\$ 30,267,557	\$ 32,886,903	\$ 34,891,487	\$ 36,470,055	\$ 37,324,395
<b>Change in Net Position</b>										
Governmental activities	\$ 8,013,565	\$ 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
Business-type activities	(3,168,653)	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
Total primary government	\$ 4,844,912	\$ 14,165,297	\$ 13,804,012	\$ 20,752,800	\$ 12,544,920	\$ 5,688,440	\$ 11,076,866	\$ 7,824,024	\$ 10,242,236	\$ 6,951,110

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Unreserved, undesignated	\$ 2,992,064	\$ 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
Restricted - Drug and tobacco enforcement	-	-	-	-	-	-	-	31,258	36,517	47,776
Total general fund	<u>\$ 2,992,064</u>	<u>\$ 3,216,779</u>	<u>\$ 3,120,657</u>	<u>\$ 4,614,015</u>	<u>\$ 3,672,132</u>	<u>\$ 3,747,296</u>	<u>\$ 3,894,972</u>	<u>\$ 4,240,278</u>	<u>\$ 4,048,142</u>	<u>\$ 5,562,903</u>
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	2,630,600	1,025,952	1,061,227	1,111,655	-	-	-	-	-	-
Nonmajor debt service funds-debt service	2,127,414	725,077	684,552	682,396	1,130,608	679,731	680,861	-	-	-
Unreserved, designated										
Major capital projects funds	18,904,054	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	4,497,301	3,272,704	3,551,772	3,469,259	3,140,465	1,798,846	1,948,358	-	-	-
Major debt service funds	177,742	451,885	436,235	488,982	652,121	647,183	1,084,351	-	-	-
Nonmajor debt service funds	1,141,311	337,744	58,800	118,394	187,889	198,251	203,868	-	-	-
Unreserved, undesignated										
Major capital projects funds	9,783,315	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	795,495	1,944,705	1,856,919	2,078,624	76,071	570,697	1,215,873	-	-	-
Nonmajor debt service funds	(247,426)	-	112,581	-	1,094,765	-	-	-	-	-
Restricted for:										
Capital projects	-	-	-	-	-	-	-	4,490,602 (3)	1,261,260	708,350
Debt service	-	-	-	-	-	-	-	1,489	2,410	817
Assigned:										
Capital projects funds	-	-	-	-	-	-	-	34,536,547	-	-
Debt service funds	-	-	-	-	-	-	-	1,537,118	-	-
Committed:										
Capital projects funds	-	-	-	-	-	-	-	-	31,635,190	31,470,751
Debt service funds	-	-	-	-	-	-	-	-	1,713,903	1,480,633
Total all other governmental funds	<u>\$ 39,809,806</u>	<u>\$ 65,064,328</u>	<u>\$ 60,102,266</u>	<u>\$ 62,836,635</u>	<u>\$ 65,245,518</u>	<u>\$ 62,675,471</u>	<u>\$ 45,977,892</u>	<u>\$ 40,565,756</u>	<u>\$ 34,612,763</u>	<u>\$ 33,660,551</u>

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes and special assessments	\$ 19,688,976	\$ 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
Licenses and permits	1,144,028	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
Intergovernmental	838,767	662,954	933,555	843,925	1,310,951	601,868	690,912	775,791	627,433	1,404,276
Charges for services	959,759	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
Fines and forfeitures	26,947	25,766	28,622	26,981	44,855	43,825	40,562	28,833	29,404	35,342
Investment income	758,492	1,481,694	2,976,800	3,968,351	3,669,971	1,646,364	753,587	399,928	283,191	258,657
Impact fees	586,518	1,010,779	1,089,901	1,267,847	1,310,955	844,074	109,553	191,521	133,421	201,235
Rental and other miscellaneous	1,709,620	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
Total revenues	<u>25,713,107</u>	<u>30,654,907</u>	<u>33,586,117</u>	<u>36,586,858</u>	<u>39,773,153</u>	<u>33,164,919</u>	<u>33,990,244</u>	<u>35,033,745</u>	<u>37,222,327</u>	<u>38,239,257</u>
<b>Expenditures</b>										
General government	7,052,526	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
Public safety	3,008,490	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
Public works	3,410,777	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
Library and recreation	2,122,774	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
Debt Service										
Principal retirement	4,437,570	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
Interest	1,423,844	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
Bond issuance costs	-	264,195	-	-	43,417	261,213	137,262	51,663	-	-
Arbitrage rebate	-	-	-	-	-	-	31,874	-	-	-
Capital outlay	10,105,470	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
Total expenditures	<u>31,561,451</u>	<u>34,443,484</u>	<u>41,856,197</u>	<u>38,650,621</u>	<u>41,242,401</u>	<u>62,523,738</u>	<u>63,037,343</u>	<u>42,256,836</u>	<u>47,649,884</u>	<u>38,913,294</u>
Revenues (under) expenditures	(5,848,344)	(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)
<b>Other financing sources (uses)</b>										
Debt issuance	5,024,109	24,500,000	-	-	779,793	24,477,505	6,092,683	-	-	-
Refunding bonds issued	-	4,500,000	-	-	-	1,695,000	2,025,000	1,525,000	-	-
Payment to refunded bond holders	-	(387,745)	-	-	-	(1,695,000)	-	(2,655,000)	-	-
Payment to refunded bond escrow agent	-	(4,143,153)	-	-	-	-	(2,055,334)	-	-	-
Premium on debt issuance	-	173,975	-	-	-	270,712	89,739	-	-	-
Premium on refunding bonds	-	-	-	-	-	-	59,922	33,592	-	-
Discount on debt issuance	-	-	-	-	-	(25,209)	-	-	-	-
Capital contributions	-	2,000,000	-	-	-	-	-	-	-	-
Sale of capital assets	11,093	486,059	1,082,898	3,995,223	1,606,153	16,515	4,155,231	1,124,436	2,290,798	17,586
Transfers in	11,827,304	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
Transfers out	(9,440,487)	(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)
Total other financing sources	<u>7,422,019</u>	<u>29,267,814</u>	<u>3,211,896</u>	<u>6,291,490</u>	<u>2,936,248</u>	<u>26,863,936</u>	<u>12,497,196</u>	<u>2,156,261</u>	<u>4,282,428</u>	<u>1,236,586</u>
Net change in fund balances	<u>\$ 1,573,675</u>	<u>\$ 25,479,237</u>	<u>\$ (5,058,184)</u>	<u>\$ 4,227,727</u>	<u>\$ 1,467,000</u>	<u>\$ (2,494,883)</u>	<u>\$ (16,549,903)</u>	<u>\$ (5,066,830)</u>	<u>\$ (6,145,129)</u>	<u>\$ 562,549</u>
Debt Service as a percentage of noncapital expenditures	27%	35%	25%	21%	18%	21%	24%	23%	21%	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>
2004	\$ 7,865,133	\$ 3,400,877	\$ 1,854,981	\$ 3,158,783	\$ 16,279,774
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
<b>2013</b>	<b>14,601,807</b>	<b>4,187,472</b>	<b>3,037,407</b>	<b>3,461,728</b>	<b>25,288,414</b>
Change:					
2004-2013	85.7%	23.1%	63.7%	9.6%	55.3%

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**  
**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 Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2003	\$ 3,182,705	\$ 314,184	\$ 51,877	\$ 3,548,766	\$ 3,366,694	0.002267 %
2004	3,288,957	318,780	51,642	3,659,379	3,472,236	0.002525
2005	3,515,024	381,696	44,779	3,941,499	3,761,216	0.002349
2006	4,262,087	381,117	44,846	4,688,050	4,494,052	0.001983
2007	5,302,168	513,362	31,845	5,847,375	5,522,763	0.001674
2008	6,505,709	523,062	35,652	7,064,423	6,783,652	0.001779
2009	6,456,810	566,964	33,650	7,057,424	6,073,486	0.002148
2010	5,515,632	584,026	35,886	6,135,544	6,845,702	0.002130
2011	5,400,362	577,505	45,168	6,023,035	6,652,579	0.002236
<b>2012</b>	<b>6,273,387</b>	<b>700,644</b>	<b>41,975</b>	<b>7,016,005</b>	<b>6,725,376</b>	<b>0.002197</b>

Source: Summit County Assessor's Office

**Schedule 7**  
**Park City Municipal Corporation, Utah**  
**Assessed Value of Taxable Property Including Fee-In-Lieu**  
**Summit and Wasatch Counties Combined**  
**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>
2003	\$ 3,182,705	\$ 314,184	\$ 51,877	\$ 13,612	\$ 3,562,378
2004	3,288,957	318,780	51,642	14,488	3,673,867
2005	3,515,024	381,696	44,779	14,881	3,956,380
2006	4,262,087	381,117	44,846	13,666	4,701,717
2007	5,302,168	513,362	31,845	14,397	5,861,772
2008	6,505,709	523,062	35,652	13,943	7,078,366
2009	6,456,810	566,964	33,650	11,815	7,069,239
2010	5,515,632	584,026	35,886	13,509	6,149,053
2011	5,400,362	577,505	45,168	12,755 (1)	6,035,790
<b>2012</b>	<b>6,273,387</b>	<b>700,644</b>	<b>41,975</b>	<b>30,636</b>	<b>7,016,005</b>

Source: County Auditors, Summit and Wasatch Counties; Property Tax Division, Utah State Tax Commission.

Note: (1) The State's method of calculating the Fee-In-Lieu was changed in 2011, previous years were recalculated using the new formula.

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

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Apparel stores	\$ 11,363	\$ 14,213	\$ 18,177	\$ 24,620	\$ 27,266	\$ 23,627	\$ 19,710	\$ 21,833	\$ 25,919	\$ 24,069
Food stores	41,627	44,444	45,617	47,386	50,148	66,801	60,784	60,269	64,592	67,066
Sporting goods, hobby, book and music	-	-	-	-	-	33,633 (1)	29,779	35,891	40,163	38,638
Home furnishings and appliances	8,183	9,143	13,545	15,126	15,073	13,717	12,363	21,785	21,745	20,849
Building materials and farm tools	16,145	21,943	24,894	29,142	25,252	7,008	4,871	2,735	2,704	2,819
Miscellaneous retail stores	50,969	58,732	64,944	72,966	73,907	28,323	23,798	26,427	26,894	27,985
All other outlets	684	1,916	1,031	1,477	1,628	11,156	6,953	3,698	3,484	3,674
<b>Total</b>	<b>\$ 128,971</b>	<b>\$ 150,391</b>	<b>\$ 168,208</b>	<b>\$ 190,717</b>	<b>\$ 193,274</b>	<b>\$ 184,265</b>	<b>\$ 158,258</b>	<b>\$ 172,638</b>	<b>\$ 185,501</b>	<b>\$ 185,100</b>
City direct sales tax rate	2.25 %	2.25 %	2.25 %	2.25 %	2.25 %	2.40 %	2.40 %	2.40 %	2.40 %	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**  
(rate per \$1,000 of assessed value)

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	
2003	0.001855	0.000412	0.002267	0.001186	0.000337	0.000198	0.000885	0.005672	-	0.010545
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
<b>2012</b>	<b>0.001431</b>	<b>0.000766</b>	<b>0.002197</b>	<b>0.000943</b>	<b>0.000239</b>	<b>0.000215</b>	<b>0.000987</b>	<b>0.004924</b>	<b>0.000041</b>	<b>0.009546</b>

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>
2004	2.25 %	0.35 %	4.75 %	7.35 %
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
<b>2013</b>	<b>2.90 (1)</b>	<b>0.35</b>	<b>4.70</b>	<b>7.95</b>

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	2013			2004		
	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)	\$ 397,357,957	1	5.91 %	\$ -	-	- %
Marriott Ownership Resorts	114,504,078	2	1.70	115,792,278	1	3.33
United Park City Mines	31,108,000	3	0.46	-	-	-
Deer Valley Resort	30,892,906	4	0.46	27,460,773	3	0.79
Chateaux at Silver Lake	21,521,376	5	0.32	-	-	-
Silver Lake Development Corp.	19,540,360	6	0.29	22,707,404	4	0.65
Powder Development Company/PCMR	15,050,268	7	0.22	-	-	-
REOF XI LLC	14,700,000	8	0.22	-	-	-
Wintzer Wolfe Properties	14,349,994	9	0.21	10,410,071	8	0.30
IHC Health Services, Inc.	12,297,077	10	0.18	-	-	-
HPC Development	-	-	-	28,830,400	2	0.83
Black Diamond Lodge	-	-	-	22,200,000	5	0.64
Park City Mounain Resort	-	-	-	19,064,143	6	0.55
Qwest	-	-	-	13,963,790	7	0.40
Spring Canyon Associates	-	-	-	9,673,980	9	0.28
Yarrow Hotel	-	-	-	8,739,106	10	0.25
Totals	\$ <b>671,322,016</b>		<b>9.97 %</b>	\$ <b>278,841,945</b>		<b>8.02 %</b>

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	Total Taxes Levied (1)	Treasurer's Relief (2)	Net Taxes Assessed	Current Collections	Delinquent, Personal Property and Misc. Collections (3)	Adjusted Levy	Total Collections (4)	% of Current Collections to Net Taxes Assessed (5)	% of Total Collections to Net Taxes Assessed (6)
<b>Summit County</b>									
2003	\$ 6,795,733	\$ 6,240	\$ 6,789,493	\$ 6,789,493	\$ 731,563	\$ 7,521,056	\$ 7,521,056	100.00 %	110.77 %
2004	8,494,873	6,023	8,488,850	8,488,850	2,645,240	11,134,090	11,134,090	100.00	131.16
2005	8,578,808	6,115	8,572,693	8,572,693	417,094	8,989,787	8,989,787	100.00	104.87
2006	8,557,343	7,293	8,550,050	8,550,050	360,857	8,910,907	8,910,907	100.00	104.22
2007	8,957,869	9,178	8,948,691	8,946,941	342,739	9,291,430	9,289,680	99.98	103.81
2008	8,993,705	7,159	8,986,546	8,972,113	395,506	9,382,052	9,367,619	99.84	104.24
2009	11,426,325	11,462	11,414,863	11,379,638	414,902	11,829,765	11,794,540	99.69	103.33
2010	12,119,016	11,981	12,107,035	12,060,672	804,240	12,911,275	12,864,912	99.62	106.26
2011	13,672,899	11,843	13,661,056	13,579,302	693,345	14,354,401	14,272,647	99.40	104.48
<b>2012</b>	<b>13,872,670</b>	<b>11,217</b>	<b>13,861,453</b>	<b>13,275,742</b>	<b>1,162,061</b>	<b>15,023,514</b>	<b>14,437,803</b>	<b>95.77</b>	<b>104.16</b>
<b>Wasatch County</b>									
2003	\$ 201,691	\$ -	\$ 201,691	\$ 201,691	\$ 707	\$ 202,398	\$ 202,398	100.00 %	100.35 %
2004	220,601	-	220,601	220,601	3,413	224,014	224,014	100.00	101.55
2005	210,386	(326)	210,712	210,712	7,547	218,259	218,259	100.00	103.58
2006	199,350	8,982	190,368	190,369	1,463	191,831	191,832	100.00	100.77
2007	173,621	6,710	166,911	166,916	9,043	175,954	175,959	100.00	105.42
2008	193,390	36,195	157,195	157,195	6,552	163,747	163,747	100.00	104.17
2009	346,442	58,882	287,560	287,560	14,529	302,089	302,089	100.00	105.05
2010	723,334	11,354	711,980	711,980	81,304	793,284	793,284	100.00	111.42
2011	568,568	47,144	521,424	521,424	3,579	525,003	525,003	100.00	100.69
<b>2012</b>	<b>586,238</b>	<b>2,771</b>	<b>583,467</b>	<b>583,467</b>	<b>38</b>	<b>583,505</b>	<b>583,505</b>	<b>99.50</b>	<b>100.01</b>

Source: Summit and Wasatch County Annual Financial Reports.

- (1) Excludes redevelopment agencies valuation.
- (2) Treasurer's Relief includes abatements. These Treasurer's Relief items are levied against the property, but are never collected and paid to the entity.
- (3) Delinquent, Personal Property and Miscellaneous Collections include interest, sales of real and personal property and miscellaneous delinquent collections.
- (4) Total Collection amounts do not include any fee-in-lieu payments.
- (5) The "Total Tax Levy" is the dollar amount certified by the City as needed to balance the budget. The tax rate adopted by the City to generate the "Total Tax Levy" is adjusted upon budget adoption, in accordance with State law, to compensate for potential appeals and estimated collection rate. Subsequently, in years where actual appeals are less than the given adjustment and /or the actual collection rate is higher than projected, the City can receive in "Current Tax Collections" an amount greater than the "Total Tax Levy" required to balance the budget.
- (6) Due to collections of Delinquent, Personal Property, Miscellaneous and Interest from prior years collections may exceed 100%.

**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 (2)
2003	\$ 6,997,424	\$ 6,647,553	95.00 %	\$ 349,871	\$ 6,997,424	100.00 %
2004	8,715,474	8,709,451	99.93	6,023	8,715,474	100.00
2005	8,789,194	8,783,405	99.93	5,789	8,789,194	100.00
2006	8,756,693	8,740,419	99.81	16,274	8,756,693	100.00
2007	9,131,490	9,113,857	99.81	15,883	9,127,990	99.96
2008	9,187,095	9,129,308	99.37	43,354	9,172,662	99.84
2009	11,772,767	11,667,198	99.10	70,344	11,737,542	99.70
2010	12,842,350	12,772,652	99.46	23,335	12,795,987	99.64
2011	14,241,467	14,100,726	99.01	58,987	14,159,713	99.43
<b>2012</b>	<b>14,458,908</b>	<b>13,859,209</b>	<b>95.85</b>	<b>-</b>	<b>13,859,209</b>	<b>95.85</b>

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

Notes:

(1) Includes general fund and debt service fund.

(2) The "Total Tax Levy" is the dollar amount certified by the City as needed to balance the budget. The tax rate adopted by the City to generate the "Total Tax Levy" is adjusted upon budget adoption, in accordance with State law, to compensate for potential appeals and estimated collection rate. Subsequently, in years where actual appeals are less than the given adjustment and/or the actual collection rate is higher than projected, the City can receive in "Current Tax Collections" an amount greater than the "Total Tax Levy" required to balance the budget.

**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			
2004	\$ 12,300,000	\$ 6,880,000	\$ -	\$ 8,585,000	\$ 900,043	\$ 7,917,000	\$ 121,676	\$ 36,703,719	2.46 %	\$ 4,908
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
<b>2013</b>	<b>29,701,426</b>	<b>-</b>	<b>8,994,028</b>	<b>-</b>	<b>2,760,053</b>	<b>46,853,772 (9)</b>	<b>-</b>	<b>88,309,279</b>	<b>3.17</b>	<b>11,466</b>

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

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

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

(3) The City issued 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.

**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				
2004	\$ 12,300,000	\$ 6,880,000	\$ -	\$ 900,043	\$ 20,080,043	0.62 %	\$ 2,685	
2005	19,915,000	5,620,000	20,000,000	731,543	46,266,543	1.37	5,870	
2006	18,570,000	4,320,000	18,870,000	686,409	42,446,409	1.22	5,262	
2007	17,175,000	3,930,000	17,000,000	637,889	38,742,889	1.03	4,764	
2008	15,720,000	3,525,000	15,065,000	585,730	34,895,730	0.78	4,346	
2009	36,015,000	3,100,000	13,235,000	529,660	52,879,660	0.96	6,627	
2010	39,375,000	2,655,000	11,835,000	469,385	54,334,385	0.80	6,689	
2011	36,135,000	-	11,915,000	404,589	48,454,589	0.80	6,379	
2012	33,168,627	-	10,167,292	334,933	43,670,852	0.64	5,787	
<b>2013</b>	<b>29,701,426</b>	<b>-</b>	<b>8,994,028</b>	<b>2,760,053</b>	<b>41,455,507</b>	<b>0.62</b>	<b>5,382</b>	

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

- (1) Presented net of original issuance discounts and premiums.
- (2) See Schedule 6 for property value data.
- (3) 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, 2013**

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable to Park City (1)</u>	<u>Estimated Amount Applicable to Park City</u>
<b>Debt repaid with property taxes</b>			
Summit County	2,550,000	44.50%	1,134,750
Park City School District	7,450,000	53.90%	4,015,550
Weber Basin Water Conservancy District	25,333,790	14.63%	3,706,333
<b>Other debt</b>			
Summit County	18,372,000	44.50%	8,175,540
Weber Basin Water Conservancy District	87,319,000	14.63%	<u>12,774,770</u>
Subtotal, overlapping debt			29,806,943
City direct debt			<u>41,455,507</u>
Total direct and overlapping			\$ <u><u>71,262,450</u></u>

Source: Utah State Auditors Office

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 134,667,752	\$ 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
Total net debt applicable to limit	<u>12,300,000</u>	<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>
Legal debt margin	<u>\$ 122,367,752</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	9.13%	14.34%	12.34%	9.55%	7.12%	13.27%	16.21%	13.20%	12.46%	11.04%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Total assessed value	\$ <u>6,725,375,418</u>
Debt limit - 4% of total assessed value	269,015,017
Amount of debt applicable to debt limits:	
General Obligation Bonds 2003, 2004, 2008, 2009 and 2010 Series	29,701,426
Less: Amount available for repayment of general obligation bonds	<u>-</u>
Total net debt applicable to limit	<u>29,701,426</u>
Legal debt margin	<u>\$ 239,313,591</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 Nine Fiscal Years**

		<b>Sales Tax Increment Bonds</b>			
		<b>Sales Tax Increment</b>	<b>Debt Service</b>		<b>Coverage</b>
			<b>Principal</b>	<b>Interest</b>	
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
<b>2013</b>		<b>7,649,200</b>	<b>1,165,000</b>	<b>401,587</b>	<b>4.9</b>

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

See Schedule 19 for information on water revenue bond coverage.

Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time.

(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, 2013

		Coverage Ratio	
		<u>Actual</u>	<u>Minimum</u>
Net revenues (change in net position)	\$ 2,256,909		
Add			
Excluded transfer to general fund	610,000		
Depreciation and amortization	2,478,012		
Bond interest expense	1,482,154		
<b>Revenues pledged to debt</b>	<b>6,827,075</b>	<b>1.68</b>	<b>1.20</b>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006 Water Revenue Bonds	\$ 187,000	\$ 74,446	\$ 261,446
2009A Water Bonds-DEQ	125,000	2,500	127,500
2009B Water Revenue and Refunding Bonds	1,415,000	337,615	1,752,615
2009C Water Revenue Bonds	-	510,638	510,638
2010 Water Revenue Bonds	650,000	377,162	1,027,162
2012 Water Revenue Bonds	210,000	96,953	306,953
2012B Water Revenue and Refunding Bonds(1)	-	63,208	63,208
2013 A and B Water Revenue and Refunding Bonds(1)	-	19,632	19,632
	<u>\$ 2,587,000</u>	<u>\$ 1,482,154</u>	<u>\$ 4,069,154</u>
Less water development fees collected in fiscal year 2013		(711,464)	
<b>Net revenues less development fees pledged to debt</b>	<b>\$ 6,115,611</b>	<b>1.50</b>	<b>1.00</b>

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
2004	\$ (1,100,049)	\$ 202,963	\$ 791,514	0.26	\$ 1,179,717	\$ 791,514	1.49
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(2)	928,730	4,262,970	3,000,782	1.42	4,765,325	3,000,782	1.59
<b>2013</b>	<b>2,256,909</b>	<b>6,115,611</b>	<b>4,069,154</b>	<b>1.50</b>	<b>6,827,075</b>	<b>4,069,154</b>	<b>1.68</b>

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

(1) The Water Revenue Bonds Series 2012B, Series 2013 A and B were issued in fiscal year 2013. No principal payments were scheduled until fiscal year 2014.

(2) Restated

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)(1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate (1)</b>
2004	7,478	\$ 1,491,412	\$ 44,069	32.7	4,150	6.0 %
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
<b>2013</b>	<b>7,702</b>	<b>2,730,934</b>	<b>72,643</b>	<b>37.4</b>	<b>4,421</b>	<b>4.0</b>

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	2013 (1)				2004 (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)	2,700	750	1	22.24	1,829	185	1	16.47
Park City School District	745	652	2	6.14	249	100	7	2.24
Park City Mountain Resort	699	500	3	5.76	950	70	2	8.55
Stein Eriksen Lodge	520	326	4	4.28	499	250	5	4.49
Park City Municipal Corporation	507	342	5	4.18	600	400	3	5.40
IHC/Park City Surgical Center	499	250	6	4.11	-	-	-	-
Montage Hotels & Resorts, LLC	499	250	7	4.11	-	-	-	-
Fresh Market (Albertson's)	249	100	8	2.05	249	100	8	2.24
Hotel Park City	249	100	9	2.05	-	-	-	-
Jan's Mountain Outfitters	249	100	10	2.05	249	100	6	2.24
Resort Express, Inc.	249	100	11	2.05	-	-	-	-
Squatters Roadhouse Grill	249	100	12	2.05	-	-	-	-
Talisker Club, LLC	249	100	13	2.05	-	-	-	-
Utah Athletic Foundation	249	100	14	2.05	-	-	-	-
Sunstone Hotel/Marriott Park City	130	110	15	1.07	129	129	9	1.16
U.S. Ski & Snow Board Association	103	103	16	0.85	100	100	11	0.90
Premier Resorts of Utah	-	-	-	-	600	300	4	5.40
Dan's Foods	-	-	-	-	100	85	10	0.90
<b>Total</b>	<b>6,201</b>	<b>2,983</b>		<b>67.09 %</b>	<b>5,554</b>	<b>1,819</b>		<b>50.01 %</b>

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**

<u>Function</u>	<b>Full-time Equivalent Employees</b>									
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>General government</b>										
Executive	4.0	3.0	3.0	3.0	4.0	3.5	4.5	4.5	5.1	5.5
Finance	6.3	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Human resources	5.6	5.6	5.6	7.0	7.0	7.0	7.0	6.9	6.9	5.3
Budget, debt and grants	3.3	3.3	3.3	3.3	3.3	3.0	2.0	2.0	2.0	1.3
Planning	8.0	7.5	6.5	7.5	6.0	7.0	7.0	6.0	7.0	7.0
Building	14.8	14.8	14.8	14.8	15.8	15.8	15.8	14.8	13.0	13.0
Engineering	3.0	3.0	3.0	2.5	2.5	2.5	3.0	3.0	2.8	2.7
Legal	7.1	7.1	7.1	6.8	7.8	7.8	7.8	7.8	7.8	7.0
Sustainability	-	-	-	-	-	-	6.0	(1) 6.0	9.8	9.7
I.T.	-	-	-	-	-	-	-	9.8	(2) 9.8	10.8
Other	16.8	16.3	21.1	19.3	22.8	23.3	14.9	5.5	5.0	5.1
<b>Public safety</b>										
Police	33.9	32.9	32.1	32.6	34.8	34.8	35.2	34.9	34.0	33.9
Communication center	8.5	8.5	8.5	8.5	9.0	9.0	10.0	10.0	10.0	10.4
Other	0.6	0.6	1.4	1.4	1.2	1.2	1.4	1.5	1.5	1.5
<b>Public works</b>										
Transit	38.1	43.1	55.4	62.5	63.5	73.8	76.3	81.8	82.5	82.9
Fleet services	7.3	7.3	8.8	8.8	8.8	8.5	8.0	8.0	8.0	8.0
Street maintenance	16.0	16.0	16.0	15.8	15.8	15.6	16.7	17.5	17.5	17.5
Parks and cemetery	19.1	18.6	19.9	18.1	18.8	18.8	17.2	17.3	18.8	18.2
Administration	3.0	3.0	2.5	2.5	2.5	2.5	2.5	-	-	-
Other	12.2	12.2	11.7	16.2	11.1	10.9	10.7	9.6	9.6	9.6
<b>Library and recreation</b>										
Library	10.5	10.5	11.6	11.6	11.2	11.2	11.2	11.2	11.4	11.4
Golf	10.0	8.8	7.2	7.0	7.0	6.8	6.3	5.7	5.5	5.4
Recreation	25.6	25.9	25.9	26.2	27.8	28.1	28.3	27.4	27.3	29.9
Tennis	5.9	6.5	7.1	7.0	6.0	7.7	7.7	6.9	7.4	7.9
Ice	-	-	-	5.5	10.2	10.4	11.4	11.0	11.0	9.0
<b>Water</b>										
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	13.8	14.0	15.3	15.3	16.5	17.5	17.5	17.6	21.9
<b>Reorganized departments</b>										
Leisure services	6.3	-	-	-	-	-	-	-	-	-
Other	3.0	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>283.7</b>	<b>275.9</b>	<b>294.3</b>	<b>310.5</b>	<b>320.0</b>	<b>333.5</b>	<b>336.2</b>	<b>334.4</b>	<b>339.1</b>	<b>342.7</b>

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.

Schedule 23  
 Park City Municipal Corporation, Utah  
 Population Statistics

Census:	Fiscal 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
	2003	7,478	1.45	34,073	6.96
	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
	<b>2013</b>	<b>7,702</b>	<b>1.40</b>	<b>37,208</b>	<b>2.43</b>

Age distribution of 2011 population:

Age	Number	Percent
Under 5 Years	412	5.42 %
5-14	893	11.76
15-24	984	12.95
25-34	1,240	16.40
35-44	1,087	14.31
45-54	1,214	15.98
55-64	1,102	14.51
65-74	489	6.44
75-84	140	1.84
85 and over	35	0.39
	<b>7,596</b>	<b>100.00 %</b>

Median age: 37.4

Sources: U.S. Census Bureau - American Factfinder.census.gov - 2010 Demographic Profile Data  
 Utah Department of Workforce Services

**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>
2004	24,714	7,478	330 %
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
<b>2013</b>	<b>28,275</b>	<b>7,702</b>	<b>367</b>

Sources: Park City Chamber/Visitor Bureau, August 2013

U.S. Census Bureau - American Factfinder.census.gov - 2010 Demographic Profile Data

**Schedule 25**

**Park City Municipal Corporation, Utah**

**Historical Pledged Taxes**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Pledged Sales &amp; 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>
2004	\$ 3,400,877	5.8 %	\$ 3,158,783	3.9 %	6,559,660	4.9 %
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
<b>2013</b>	<b>4,187,472</b>	<b>1.5</b>	<b>5,561,728</b>	<b>2.2</b>	<b>9,749,200</b>	<b>1.9</b>

Note (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 1.0 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. The 0.50 percent Additional Resort Communities Sales and Use Tax implemented in fiscal year 2013 is not included.

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Police</b>										
Physical arrests	699	652	618	627	521	528	577	583	468	616
Parking citations	369	460	1,207	1,358	771	568	295	102	342	326
Traffic citations	1,380	1,631	1,400	1,052	1,980	2,546	2,044	1,984	963	950
<b>Public works</b>										
Street resurfacing (tons of asphalt)	6,000	6,000	4,650	3,026	3,636	3,301	3,810	5,500	4,616	4,616
Potholes repaired	150	150	150	200	200	200	250	275	235	230
<b>Water</b>										
Number of customers	4,637	4,706	4,805	4,918	5,059	5,095	5,122	5,161	5,171	5,180
New connections	76	95	96	143	141	80	27	26	10	22
Water main breaks	25	11	18	11	21	10	10	10	23	12
Average daily consumption (Tgal)	4,076	3,764	4,381	4,713	4,312	4,390	4,119	4,152	4,915	4,822
Peak daily consumption (Tgal)	7,144	7,199	8,626	8,446	8,907	8,682	8,527	8,120	8,529	8,873
Average monthly billings (3/4" meter)	24.98	21.36	46.15	46.40	46.87	47.99	54.68	54.82	57.61	82.51
Residential billing rates										
Base rate (per 3/4" meter)	10.80	12.96	15.55	16.17	16.82	20.86	23.36	25.23	28.26	33.35
Base rate (per 1" meter)	14.58	17.50	21.00	21.84	22.71	28.16	31.54	34.06	45.02	45.02
Base rate (per 1-1/2" meter)	17.28	20.74	24.89	25.89	26.93	33.39	37.40	40.39	53.38	53.38
Rate per Tgal (winter months only)	1.89	2.27	1.94	2.83	2.94	3.65	4.09	4.42	5.84	5.84
Commercial billing rates										
Base rate (per 3/4" meter)	14.04	16.85	20.22	21.03	21.87	27.12	30.37	32.80	43.35	43.35
Base rate (per 1" meter)	23.76	28.51	34.21	35.58	37.00	45.88	51.39	55.50	73.35	73.35
Base rate (per 1-1/2" meter)	50.76	60.91	73.09	76.01	79.05	98.02	109.78	118.56	156.69	156.69
Base rate (per 2" meter)	105.84	127.00	152.40	158.50	164.84	204.40	228.93	247.24	326.75	326.75
Base rate (per 3" meter)	275.40	330.48	396.58	412.44	428.94	531.89	595.72	643.38	850.30	850.30
Base rate (per 4" meter)	500.04	600.05	720.06	748.86	778.81	965.72	1,081.61	1,168.14	1,543.82	1,543.82
Base rate (per 6" meter)	942.84	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
Base rate (per 8" meter)	1,623.24	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
Rate per 1,000 gallons	1.89	2.27	2.72	2.83	2.94	3.65	4.09	4.42	5.84	5.84
<b>Building activity</b>										
Building permits issued	894	989	1,186	1,197	911	895	845	903	984	1,615
Number of residential units	125	247	220	276	136	286	30	17	24	40
Residential value (in thousands)	47,731	75,681	70,340	109,477	50,672	40,621	13,724	9,429	15,673	21,260
Commercial value (in thousands)	16,436	11,985	36,950	3,151	18,414	8,369	-	8,929	198	173
<b>Parks and recreation</b>										
Racquet club passes	2,625	2,539	2,370	2,586	2,604	2,528	2,263	1,368 (1)	3,304 (2)	5,037
Golf rounds	29,977	25,512	29,575	28,130	27,450	30,202	25,912	25,852	29,282	30,151
<b>Library</b>										
Total volumes borrowed	68,887	77,798	72,155	79,814	80,970	83,545	85,655	89,174	93,626	91,955
Circulation per capita	9	10	9	10	10	10	11	12	12	12
<b>Transit</b>										
Total route miles	692,000	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
Passengers	1,457,897	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

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.

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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
City Area (sq. miles)	13	13	13	13	13	18	18	18	18	18
Police station	1	1	1	1	1	1	1	1	1	1
Transit buses	25	32	33	30	29	29	40	37	36	36
Public works										
Streets (lane miles)	106	109	111	124	127	111 (1)	111	111	111	111
Street lights	515	515	523	530	542	530	530	530	545	545
Water										
Fire hydrants	855	855	975	975	1,023	1,040	1,056	1,100	1,105	1,105
Water mains (miles)	110	110	110	110	117	119	127	130	131	132
Storage capacity (Tgal)	11,650	11,650	11,650	13,650	14,650	14,650	14,650	14,650	14,650	13,650
Recreation and culture										
Acreage	199	199	199	220	220	220	223	223	223	223
Parks	36	36	36	37	37	38	40	40	40	40
Covered picnic areas	6	4	4	4	4	4	4	4	4	4
Tennis courts	13	13	13	13	13	13	9	9	13	13
Soccer fields	4	4	4	6	6	6	6	6	6	6
Baseball diamonds	7	7	7	10	10	10	10	10	10	10
Library	1	1	1	1	1	1	1	1	1	1
Volumes in library	51,181	53,991	55,645	58,103	55,902	64,474 (2)	67,626	71,164	82,291	74,071
Golf course	1	1	1	1	1	1	1	1	1	1
Ice Rink	-	-	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.

**Schedule 28**  
**Park City Municipal Corporation, Utah**  
**Schedule of Insurance in Force**  
**As of June 30, 2013**

<u>COMPANY &amp; COVERAGE TYPE, POLICY #</u>	<u>LIMITS</u>	<u>EXPIRATION</u>	<u>PREMIUM</u>	<u>DEDUCTIBLE</u>
<b>AFFILIATED FM</b> (Property Coverage) SF266	\$ 110,000,000	1/1/2014	\$ 111,352	
Flood				\$ 100,000
Earthquake				\$ 100,000
Boiler				\$ 10,000
Machinery				\$ 10,000
Motor Vehicles				\$ 1,000,000
<b>ST. PAUL/TRAVELERS</b> (Crime Policy) 105540277	\$ 525,000	12/31/2014	\$ 9,782	-
<b>WORKERS COMPENSATION FUND</b> (Workers Compensation) 1638608	\$ 1,000,000	1/1/2014	\$ 153,763	-
<b>STATES</b> (General Liability, Automobile Liability, Employment Practice Liability, Law Enforcement Liability, Terrorism Risk Insurance Act, and Public Officials Errors & Omission Liability) SEL 3015710	\$ 5,000,000	1/1/2014	\$ 131,464	\$ 250,000

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

	<b>Fiscal Year Ended June 30</b>				
	2013	2012(2)	2011	2010	2009
<b>ASSETS</b>					
Cash, cash equivalents and investments held by city	\$ 64,485,816	\$ 59,281,727	\$ 62,312,830	\$ 60,961,902	\$ 70,406,442
Cash, cash equivalents and investments held by fiscal agent	7,216,764	4,793,982	8,405,935	20,762,698	8,383,300
Restricted cash, cash equivalents and investments, other	661,306	1,095,260	5,991,890	10,098,964	17,644,715
Receivables:					
Taxes	19,917,948	19,561,554	19,820,736	18,251,542	17,169,547
Accounts	3,144,039	6,482,744	1,985,972	3,555,523	2,209,591
Notes receivable	5,102,467	5,098,452	2,114,564	3,020,183	4,369,151
Inventories	991,256	987,743	482,352	481,899	481,230
Prepays	576,195	462,609	13,333	13,333	485,088
Capital assets not being depreciated:					
Land and building held for resale	-	-	5,500,610	6,121,517	-
Land and water rights	118,270,236	114,288,596	114,288,596	114,307,760	90,867,484
Construction in progress	5,014,332	1,859,326	28,632,404	16,683,483	15,356,122
Art	693,570	602,460	479,271	479,271	479,271
Capital assets (net of accumulated depreciation):					
Buildings	39,930,136	41,341,050	23,522,721	24,693,604	25,477,496
Improvements other than buildings	64,429,548	64,536,753	52,773,583	43,976,685	30,344,824
Vehicles and equipment	16,920,781	18,214,619	11,104,322	11,946,335	9,747,052
Infrastructure	26,346,422	27,786,910	23,400,034	23,263,832	21,376,312
Intangibles	5,498,064	5,532,368	5,004,772	5,024,005	250,557
Unamortized bond issuance costs	-	-	1,121,118	1,204,436	768,938
<b>Total assets</b>	<b>379,198,880</b>	<b>371,926,153</b>	<b>366,955,043</b>	<b>364,846,972</b>	<b>315,817,120</b>
<b>Deferred outflows of resources</b>					
Deferred outflows of resources-deferred charge on refunding	30,727 (1)	38,477 (1)	-	-	-
<b>Total deferred outflows of resources</b>	<b>30,727</b>	<b>38,477</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,921,491	\$ 2,839,106	\$ 4,450,413	\$ 3,141,235	\$ 2,536,933
Accrued liabilities	2,674,816	2,680,257	3,021,186	2,883,518	1,412,912
Long-term debt due within one year:					
Compensated absences	363,362	366,127	374,219	374,315	353,207
Contracts payable	80,496	74,880	69,656	64,796	60,276
General obligation bonds	3,520,000	3,425,000	3,325,000	3,240,000	2,700,000
Revenue bonds	3,910,000	3,752,000	3,620,981	3,785,000	2,893,000
Deposits	-	-	-	402,650	960,428
Unearned revenues	-	-	17,546,341	16,084,063	15,338,917
Long-term debt due in more than one year:					
Compensated absences	442,171	435,239	407,809	367,975	310,842
Contracts payable	2,679,557	260,053	334,933	404,589	469,384
General obligation bonds	26,181,426	29,743,627	33,210,828	36,578,029	33,635,621
Revenue bonds	51,937,800	50,782,780	50,242,352	54,993,501	25,019,532
<b>Total liabilities</b>	<b>94,711,119</b>	<b>94,359,069</b>	<b>116,603,718</b>	<b>122,319,671</b>	<b>85,691,052</b>
<b>Deferred inflows of resources</b>					
Deferred inflows of resources-property taxes	16,973,817 (1)	17,012,000 (1)	-	-	-
<b>Total deferred inflows of resources</b>	<b>16,973,817</b>	<b>17,012,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	200,625,551	192,939,010	185,157,637	171,776,884	140,815,194
Restricted for:					
Water development	-	449,859	2,213,200	3,489,981	6,259,989
Capital projects	3,191,412	1,262,141	8,395,404	22,575,948	17,466,147
Debt service	4,686,658	4,177,242	3,789,221	4,395,733	1,901,879
Other	47,776	36,517	31,258	-	-
Unrestricted	58,993,274	61,728,792	50,764,605	40,288,755	63,682,859
Total net position	267,544,671	260,593,561	250,351,325	242,527,301	230,126,068
<b>Total liabilities and deferred inflows of resources and net position</b>	<b>\$ 379,229,607</b>	<b>\$ 371,964,630</b>	<b>\$ 366,955,043</b>	<b>\$ 364,846,972</b>	<b>\$ 315,817,120</b>

Source: Information extracted from the City's fiscal years ended June 30, 2009 through 2013 general purpose financial statements.

Notes: (1) GASBS 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, 2013**

<b>Federal Grantor Agency or Pass Through Entity</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>2013 Expenditures</b>
<b>U.S. Department of Transportation</b>			
Pass Through Utah Department of Transportation			
Nonurbanized Area Formula Program	20.509	UT-18-X027	\$ 130,864
Nonurbanized Area Formula Program	20.509	UT-18-X028	213,282
Direct Federal Transit Administration Capital Grants	20.500	UT-04-0013-00	519,513
Direct Federal Transit Administration Capital Grants	20.500	UT-04-0021-00	337,291
		Subtotal	<u>1,200,950</u>
<b>Department of Homeland Security</b>			
Pass Through Utah Department of Public Safety			
Emergency Management Performance Grant	97.042	2013EMPG-Park City	5,000
<b>U.S. Department of Energy</b>			
Pass Through UGS State Energy Program			
Recovery Act - Energy Efficiency and Conservation Block Grant	81.128	FS-998784-09	46,000
Pass Through Salt Lake City Corporation			
Recovery Act - Energy Efficiency and Conservation Block Grant	81.128	Interlocal Agreement	6,500
		Subtotal	<u>52,500</u>
<b>The Institute of Museum and Library Services</b>			
Pass Through Utah Department of Heritage and Arts			
Library Services and Technology Act (LSTA) Grant	45.310	USL13-0040	15,492
<b>U.S. Department of Justice</b>			
Pass Through Utah Office for Victims of Crime			
Victim of Crime Act (VOCA) Grant	16.017	12-VOCA-42	13,341
			<u>13,341</u>
<b>Total Federal Awards</b>			<b>\$ <u><u>1,287,283</u></u></b>

**Park City Municipal Corporation, Utah**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

**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, 2013**

---

**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
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

P B T K

PIERCY BOWLER  
TAYLOR & KERN

Certified Public Accountants  
Business Advisors

**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**

Honorable Mayor and 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 Park City Municipal Corporation (the City) as of and for the year ended June 30, 2013, 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 12, 2013.

**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*.

We noted certain matters that we reported to management of the City in a separate letter dated December 12, 2013.

**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.

*Piercy Bowler Taylor & Kern*

Salt Lake City, Utah  
December 12, 2013

**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**

Honorable Mayor and Members of the City Council  
Park City Municipal Corporation, Utah

We have audited the compliance of 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 the City's major federal program for the year ended June 30, 2013. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

**Auditors' Responsibility.** Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Major Federal Program.** In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the City's major federal program for the year ended June 30, 2013.

**Report on Internal Control Over Compliance.** The City's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 12, 2013, 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 12, 2013

P B T K

PIERCY BOWLER  
TAYLOR & KERN

Certified Public Accountants  
Business Advisors

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
THE STATE OF UTAH LEGAL COMPLIANCE GUIDELINES

Honorable Mayor, City Council and Management  
Park City Municipal Corporation, Utah

We have audited Park City Municipal Corporation Utah's (the City) compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013. The general compliance requirements applicable to the City are identified as follows:

Public Debt	B & C Road Funds
Cash Management	Other General Issues
Purchasing Requirements	Uniform Building Code Standards
Budgetary Compliance	Impact Fees
Truth in Taxation & Property	Asset Forfeiture
Tax Limitations	URS Compliance
Liquor Law Enforcement	Fund Balance

The City received the following major assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)

Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit 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 of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, Park City Municipal Corporation, Utah, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2013. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the State of Utah Legal Compliance Audit Guide and which is described in our letter to management dated December 12, 2013 as items 2013-1 and 2013-2.

This report is intended solely for the information and use of the City and the Office of the Utah State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.



December 12, 2013