

# Park City Municipal Corporation, Utah



**Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2017**

# **PARK CITY MUNICIPAL CORPORATION, UTAH**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**(Including Internal Control and Compliance Reports  
and Supplementary Information)  
for fiscal year ended June 30, 2017**

**Prepared by:  
Finance Department**

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**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**June 30, 2017**

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# **INTRODUCTORY SECTION**

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December 14, 2017

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, 2017.

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

The basic financial statements contained in this report have been audited by Piercy Bowler Taylor & Kern, a firm of licensed certified public accountants. The objective of this type of audit is for the independent auditors to render an opinion, with reasonable assurance, as to whether the basic financial statements of Park City Municipal Corporation (City) for the fiscal year ended June 30, 2017 are fairly presented and free of any material misstatement. Audit procedures included extensive testing and analysis of transactions, balances and systems. The unmodified ("clean") opinion on the basic financial statements signed by Piercy Bowler Taylor & Kern is located at the beginning of the financial section.

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

## **Profile of Park City Municipal Corporation, Utah**

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

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

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

### **Budgetary Control**

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

## Local Economy

Park City is located in Summit County, Utah, in the heart of the Wasatch Mountains, 30 miles east of Salt Lake City and 40 minutes by freeway from the Salt Lake International Airport. In 1869, silver bearing quartz was discovered in the area, of what is now Park City, and a silver mining boom began. From the 1930's through the 1950's, the mining boom subsided due to the decline of silver prices, and Park City came very close to becoming a historic ghost town. During that time, the residents began to consider an alternative to mining, and began developing Park City into a resort town. Park City is one of the western United States premier multi-season resort communities with an area of twenty square miles and a permanent resident population of approximately 8,299.

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

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

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

Deer Valley Resort hosted the 2017 Freestyle Ski World Cup event for the eleventh year in a row in February 2017. Deer Valley Resort took third place as the best western resort in North America in *Ski Magazine's* resort review of 2017's Top-Ranked Western Ski Resorts. Deer Valley ranked first for five consecutive years between 2007 and 2011. It also marks seventeen consecutive years that Deer Valley has finished in the top three. The Park City Mountain Resort is located in the heart of Park City and hosted the U.S. Grand Prix for slopestyle and halfpipe prior to the 2014 Sochi Winter Olympic Games. The resort was ranked number thirteen, overall.

Major employer-types in the City include accommodation and food service, arts/entertainment and recreation, retail trade, real estate, technical services and government. Unemployment data was unavailable for Park City; however, the current Summit County unemployment rate is estimated at 3.1 percent. The current State of Utah rate is 3.4 percent and the national rate is 4.4 percent.

## Economic Trends

Growth has accelerated in the last decade and *Outside Magazine* named Park City the “Best Town in America” in 2013. Park City has seen some strong growth over the past years in the ski industry. Encouraging tourism and the ski industry are objectives for Park City as well as for the State of Utah. With its close proximity to Salt Lake City and Salt Lake International Airport, Park City is a major contributor to these goals. Figures show last ski season was the best in the last ten years. Total statewide skier days were 4,584,658, up 2.85 percent from the 2015-2016 season and set a new record high. Skier days were up nationally from 52.8 million to 54.7 million, a 3.7 percent increase from the previous season. The Utah increase in skier days is most notably the economic impact, which increased from \$1.17 billion in 2014-15 to \$1.43 billion; in part due to the larger volume of visits this season, as well as the uptick in per skier visit expenditures, which rose from \$276.0 in 2014-15 to \$296.0 this season. With the local economy dependent on tourism and skiing, employment in Park City tends to decline in the spring and summer months. The City has been mitigating this by diversifying recreational activities in the “off-season”. This year the City hosted the Triple Crown Girls Fast Pitch Softball World Series for the fifteenth year. This event draws teams from California, Arizona, Colorado, Oklahoma, Idaho, Utah and Texas and each year is bigger and better than the last. Other events include Tour of Utah men’s professional cycling finishing their 704 mile course in Park City, Deer Valley Music Festival which was named Ski Magazines top pick for summer’s best mountain music festivals, and Park City Autumn Aloft three-day festival launching dozens of balloons at once, creating a rainbow of colors in the sky set against the beautiful fall colors of Park City.

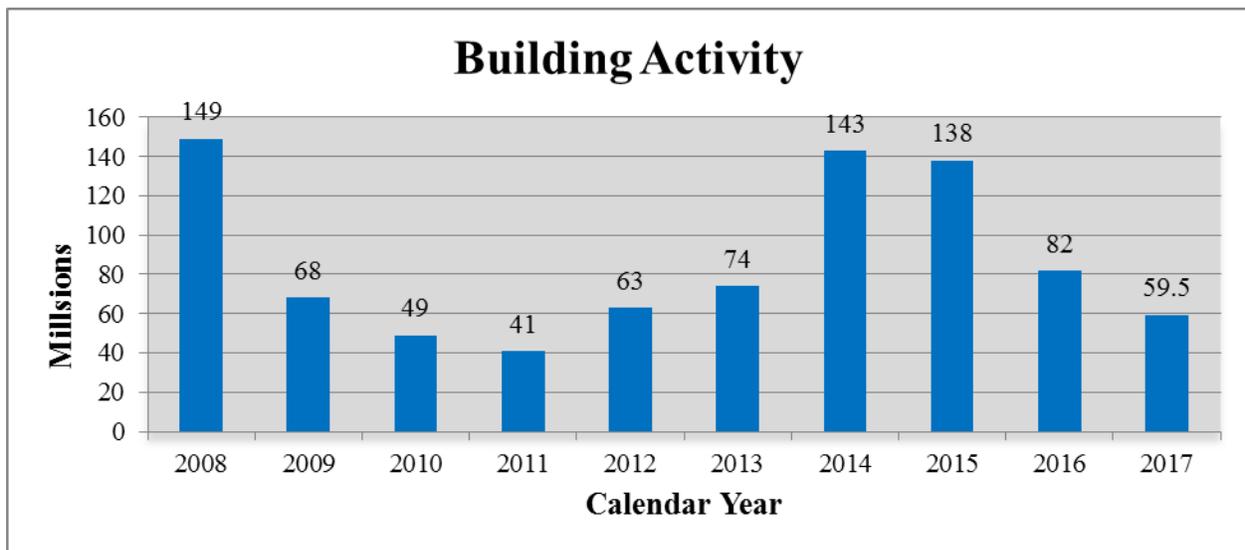
The service population is much larger due to the number of secondary homeowners and visitors within Park City. The City has approximately 164 restaurants, 202 shops, 31 private art centers and a community-sponsored art center. Many of Park City’s restaurants are award winning and among the finest in the intermountain west. The Chamber of Commerce estimates that the City has a nightly capacity for 15,858 guests. Please see Schedule 24 on page 132 of the Statistical Section of this report.

The Sundance Film Festival made its 36th annual appearance in Park City in January 2017. A recent study by Y2 Analytics revealed that the 2017 festival generated an overall economic impact of \$151.5 million for the State of Utah, beating the record of \$92.2 million reported after the 2009 festival. Sundance and Park City Municipal Corporation have formally agreed that Park City will remain festival headquarters through the 2026 film festival and, importantly, Sundance agreed to schedule future film festivals, beginning in 2015, to avoid overlapping with the Martin Luther King holiday, a popular ski weekend. This change is estimated to generate \$4.2 million in additional economic activity for the greater Park City area. The festival presents high quality, independent films. Nationally known actors, directors, writers and other members of the film industry conduct and attend workshops, classes, seminars, dinners and premiers that are open to the public. The cultural event attracted over 71,600 attendees this year, up significantly from the 2016 attendance of 46,660 with an estimated 52.0 percent coming from out of state.

The Kimball Arts Center sponsored its 47th annual three-day Park City Arts Festival in August 2016. The Park City Arts Festival is Utah’s oldest and the longest running arts festival in the West. This event attracted an estimated 48,482 visitors, which was a decrease of 14.0 percent

over the previous year. The festival featured 229 of North America’s top artists. This is one of the most attended annual events in Utah and includes an art auction and gala and a 5K run for the arts.

Closely connected to the tourism and ski industries in Park City is the real estate industry. During the past ten years, building activity within the City has fluctuated from a low of \$40.9 million in 2011, because of the recession, to a high of \$149.0 million in 2008. Building activity over the last decade has averaged \$104.2 million per year. In the first six months of calendar year 2017, approximately 27.4 percent of the \$59.5 million in building activity has been in residential construction and 6.5 percent in commercial construction. The remaining 66.1 percent consists of remodeling, expanding and miscellaneous construction. The residential construction total valuation of approximately \$16.3 million consisted of both single and multi-family homes. Easy access to Salt Lake City has intensified the role for Park City as a bedroom community. The current economy has continued to show emphasis of new construction of single family homes and remodeling and expanding of commercial buildings.



*\* Notes: The 2017 number is from January 2017 through June 2017 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 \$691,850 in the Lower Deer Valley area to an average of \$3,700,000 for lots in the Empire Pass area. Condominiums range in average sales price from \$177,329 to \$2,832,236, depending upon location. Depending upon the area, single-family homes range from an average sales price of \$914,724 to \$7,138,188. Overall, year over prior year sales, the volume of single-family homes sold was up 12.0 percent and the median sales price increased by 20.0 percent, over 2016. In contrast, condominium sales showed a volume increase of 27.0 percent, and the median sales price increased 17.0 percent.

## **Long-term Financial Planning**

**Insurance** – The City maintains a health and dental insurance plan through Regence Blue Cross Blue Shield of Utah. Each year Regence examines the City’s use of the plan and its total costs to Regence and then determines the price for the following year. In fiscal year 2017 the City experienced an increase of 15.9 percent. The benefits committee reviews the annual increases and makes a recommendation on any premium increases or policy changes on an annual basis. The City offers a high-deductible medical plan in addition to the traditional plans. The City also offers a discount on premiums to employees if they participate in a wellness program, which requires annual physicals, regular dental visits, and other various activities to promote a healthy lifestyle.

**Sales Tax** - On April 1, 2017 an additional 0.50 percent was added to the Sales Tax rate for Park City, bringing the total sales tax rate to 8.45 percent. This increase was 0.25 percent for Additional Mass Transit and an additional 0.25 percent for County Option Transportation. The increased sales tax revenue will be used to support the free public transportation system operated by the City, including express routes to Kimball Junction from Old Town and a new route to Kamas.

## **Relevant Financial Policies**

**Budgeting for Outcomes** - The City employs a Budgeting for Outcomes (BFO) process that focuses on Council priorities and objectives as the driving factor for determining the annual budget. BFO provides a comprehensive review of the entire organization, identifying every program offered and associated cost, evaluating the relevance of every program on the basis of the community's priorities, and ultimately guiding elected and appointed officials to the policy questions they can answer with the information gained from the process. The City is confident that the BFO process provides the tools needed to build a budget that reflects the City’s values and needs.

The BFO process is just part of the cutting edge process the City employs in the development of the budget in Park City. The other distinctive part of the process is the utilization of cross-departmental staff teams for the development of the budget recommendations. The Results Team develops the operating budget recommendation and the Capital Improvement Plan Committee creates the capital budget recommendation. These two budgets are then presented to the City Manager. This year an additional step was added to the process: The Finance Manager; Human Resources Manager; Capital Budgets, Debts & Grants Manager; Operating Budget Manager and the City Manager held a Budget Summit to collectively take a comprehensive review of the budget and discuss any outstanding issues. The result of this collaborative process and the participation of more than 50 members of the organization is the City Manager’s Recommended Budget.

**Property Tax** - A property tax comparison that normalized tax rates across 53 large cities in the United States, including Salt Lake City, ranked cities by property tax rate. Salt Lake City was consistently amongst the lower in the nation, ranking between 41 and 50. Park City’s tax rate is approximately one half of the property tax rate of Salt Lake City. The Property Tax Act provides

that all taxable property must be assessed and taxed at a uniform and equal rate on the basis of its fair market value by January 1 of each year. Summit County levies, collects, and distributes property taxes for Park City and all other taxing jurisdictions within the County. Primary residences are taxed at 55 percent of the assessed value while secondary residences are taxed at 100 percent of the assessed value. The budget for fiscal year 2017 was adopted with no property tax increase.

## **Major Initiatives**

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

**Electric Bus System** – On June 23, 2017, Park City became the first mountain resort community in the country, and the first city in the state, to operate a zero-emission, all-electric bus system. The six buses arrived thanks to Summit County residents, who voted to approve a sales tax increase, and a \$3.9 million federal grant. The buses are faster and more efficient than diesel-fueled buses, running every ten minutes from 7:00 a.m. to midnight, seven days a week, at about \$0.19 per mile. The buses run along State Route 224 from Kimball Junction to Park City Old Town Transit Center, with stops at Fresh Market and Canyons Resort.

**Bonanza Flats** – Advancing City Council’s goal to preserve and enhance the natural environment, \$25.0 million in voter approved bond proceeds were allocated toward the purchase of Bonanza Flat. Eleven nonprofits, six area county/city governments, numerous businesses, and countless individuals came together to provide an additional \$13.0 million to complete the purchase. Now under the care of Park City Municipal, the 1,350 acres of pristine Wasatch wilderness have been saved.

**Affordable Housing** – City Council is committed to making Park City a thriving mountain community through accessible and diverse housing. The city began building eight units at 1450 and 1460 Park Avenue and entered into an agreement to purchase eleven new units upon completion known as the Central Park Condos. All sixteen of these units will be offered through a lottery system and sold to qualified residents during fiscal year 2018.

## **Update on Major Projects**

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

long-range operating and capital needs of the Water Fund and to determine future water rate increases and bonding needs. The City continues to evaluate the need for a new public utilities building to better serve Water, Streets, and Stormwater utilities. Additionally, the City continues to improve the culinary water system with funds from the five-year Capital Improvement Plan, an account with an approximate value of \$5.1 million.

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

The complex includes a driveway with multiple bus canopies, electric bus charging stations, parking lots and a 1,780 square foot building. The building includes a public waiting area, restrooms, and office space for a Summit County Sheriff's Department satellite office and transit supervisor on the main floor. The facility provides a centralized location for bus routes in the Kimball Junction area and serves as a transfer point between routes. The project began in May of 2016 and was completed in December 2016.

**Arts & Culture District** – Park City entered into an agreement to purchase a 5.25 acre parcel in Bonanza Park to create the Park City Arts & Culture District. Funds for the purchase, development, and maintenance will be generated by overnight visitors via a 1.0 percent municipal transient room tax. No additional taxes will be assessed on Park City residents. Sundance Institute and the Kimball Art Center have signed letters of intent to purchase land in the new district from the City and will participate in a joint planning process, with the goal of building venues as part of the district. Through the joint planning process, the City will strive to create a district that inspires creative expression while ensuring design compatibility and compliance with the General Plan and Land Management Code. This will allow Park City to collaboratively shape the future of the Bonanza Park area by partnering to develop a sustainable, walkable, livable and vibrant community Arts & Culture District.

**Main Street** –To enhance the pedestrian experience and encourage residents and visitors to linger, circulate and explore throughout the Historic Park City District the Brew Pub Plaza was allocated an \$8.25 million budget. The project is still in the construction planning phase; construction is scheduled to begin in spring 2018 and complete by summer 2019. The City also continues to implement the side walk replacement project on Main Street.

### **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, 2016. 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-nine consecutive years, fiscal years 1987-2016. We believe that our current Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Park City Municipal Corporation also received the Distinguished Budget Presentation Award from the GFOA for the City's adopted budget for the biennium period beginning July 1, 2009. The City has won this award for fiscal years 1992 and 1993 and the biennium periods beginning 1993, 1997, 1999, 2001, 2003, 2005, 2007, 2009, 2011, 2013, 2014 and most recently 2016. In order to qualify for the award program, the City's budget document was judged proficient in several categories including policy documentation, financial planning and organization.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Finance and Accounting Department. We would like to express our appreciation to Piercy Bowler Taylor & Kern, certified public accountants, for their professional service and assistance. We would also like to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,

  
\_\_\_\_\_  
Diane Foster, City Manager

  
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Rebecca Gillis, Finance Manager

**PARK CITY MUNICIPAL CORPORATION, UTAH**

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

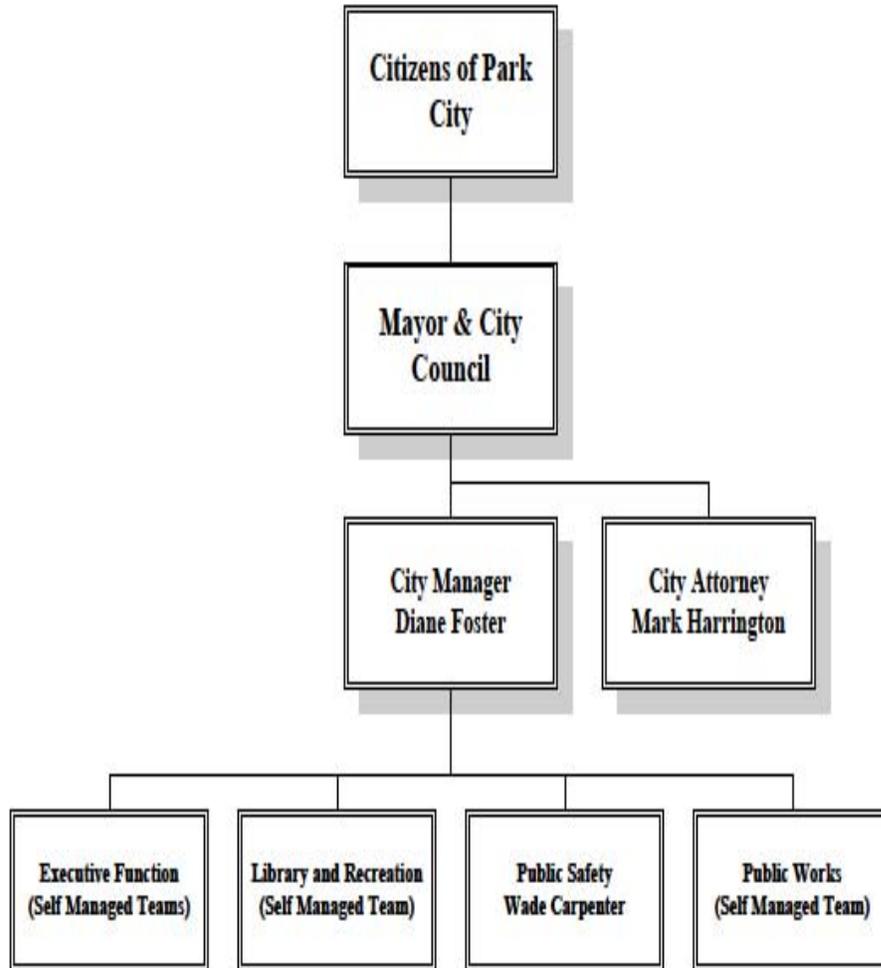
**MAYOR AND CITY COUNCIL AS OF JUNE 30, 2017**

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

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Diane Foster, City Manager  
Mark Harrington, City Attorney  
Rebecca Gillis, Finance Manager

***PARK CITY MUNICIPAL CORPORATION, UTAH***



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



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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Presented to

**Park City Municipal Corporation**

**Utah**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

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# **FINANCIAL SECTION**

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

Members of the City Council  
Park City Municipal Corporation, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Park City Municipal Corporation (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

**Opinion.** In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters.** Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding

progress, proportionate share of the collective net pension liability information, proportionate share of statutorily required pension contribution information and on pages 4-20 and 84-87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

**Other Reporting Required by *Government Auditing Standards*.** In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017, 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.



December 14, 2017

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2017**

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, 2017. 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, 2017, was \$332,600,671. Of this amount, \$53,207,221 (unrestricted net position) is available to meet ongoing financial obligations.
- The City's government-wide net position increased by \$28,861,186. Of this amount, business-type activities increased by \$26,008,702, a rise of 28.3 percent, and the governmental activities increased by \$2,852,484 a rise of 1.3 percent when compared to last fiscal year.
- The City's governmental funds reported a combined ending fund balance of \$46,335,034 a decrease of \$5.6 million (10.7 percent) compared to the beginning of this year's fund balance amount. The decrease in fund balance in comparison to last fiscal year is attributable to an increase in unassigned fund balance for the general fund and decreases in committed and restricted fund balance for capital projects. Of the combined total fund balance, \$7,497,277 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, 2017, totaled \$7,497,277 and is 25.2 percent of the General Fund total revenues for the year and 16.2 percent of total governmental fund balance.
- The City's total debt had a net increase of \$17,170,000 during fiscal year 2017. This represents a 19.6 percent increase over the prior year, which is attributable to the issuance of the 2017 General Obligation Bonds combined with the effect of the normal reduction in principal balances from required debt service payments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

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

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

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

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

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

There are two distinct types of activities reflected in the government-wide statements: 1) governmental activities; and 2) business-type activities. Governmental activities are those supported primarily by taxes and intergovernmental revenues, while business-type activities are those in which all costs (or at least a significant portion of costs) are intended to be recovered through user fees and charges. The governmental activities for the City include General Government (Council, Mayor, City Attorney, Human Resources, Technical Services, Budget, Debt and Grants, Building, Economy, Community, Environment, Planning, Engineering, Finance, Quinns Recreation Complex and Non-departmental); Public Safety (Police and Communications Center); Public Works (Streets, Snow Removal, Parks, Building Maintenance); Library and Recreation. The business-type activities include Water, Stormwater, Transportation and Parking, and Golf. The Park City Municipal Building Authority, the Park City Redevelopment Agency and the Park City Housing Authority are chartered under Utah law as separate governmental entities. However, the government-wide financial statements include the financial statements of these entities, since the City Council is the appointed board for all three agencies, and these entities are financially accountable to the City. The government-wide financial statements can be found on pages 22-25 of this report.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

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

**Governmental Funds** – At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation between the two types of statements is necessary to understand how the numbers differ. Such reconciliations are provided for the reader on pages 28 and 30. The City has four governmental type funds. These are the general fund, special revenue funds, the debt service funds and the capital projects funds. Four of these are considered major funds: General Fund, Sales Tax Revenue and Refunding Debt Service Fund, Park City General Obligation Debt Service Fund and Capital Projects Improvement Fund. The basic governmental fund financial statements can be found on pages 27-31 of this report. A summary of other funds (nonmajor funds) is combined into one “Nonmajor Governmental Funds” column. The composition of the nonmajor funds is shown in the combining statements later in the report in the supplementary information section on pages 90-100.

- The **General Fund** is used to account for all financial resources of the City that are not accounted for by a separate specialized fund. More specifically, the general fund is used to account for ordinary operations such as collection of tax revenues and general government expenditures. The City adopts an annual appropriated budget for the general fund. On page 31, a budgetary comparison statement has been provided for the general fund to demonstrate budgetary compliance.
- **Special Revenue Funds** are used to account for specific revenue sources that are restricted to expenditures for specific purposes.
- **Debt Service Funds** are used to account for the accumulation of resources for the payment of general obligation bonds, special assessment bonds and sales tax revenue and refunding bonds. Therefore, this fund is set up to accumulate the resources used to pay both the interest and principal on bond debt.
- **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital improvements. These funds do not account for capital improvements financed by the proprietary funds.

**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 33-37 of this report.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

- ***Enterprise Funds*** are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City currently operates enterprise funds for the City-owned water system, stormwater system, public transportation system (bus and trolley system), paid parking system and golf course.
  
- ***Internal Service Funds*** are used to account for the central financing of goods or services provided to various departments of the City or other governments on a cost-reimbursement basis. The City currently has two internal service funds. The Fleet Services Fund provides vehicle storage, repair and maintenance. The Self-Insurance Fund was established to allow the City to supplement its regular insurance coverage. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The combining statements for internal service funds can be found on pages 102-104 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 39 of this report.

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

**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, 2017 and 2016.

<b>Park City Municipal Corporation</b>							
<b>Comparative Summary of Net Position</b>							
<b>(in millions of dollars)</b>							
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>Total % Change</b>
	<b>2017</b>	<b>2016 *</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016 *</b>	
Current and other assets	\$ 74.0	\$ 75.8	\$ 43.7	\$ 39.4	\$ 117.7	\$ 115.2	2.2%
Capital assets	241.9	212.2	123.4	99.0	365.3	311.2	17.4%
Total assets	<u>315.9</u>	<u>288.0</u>	<u>167.1</u>	<u>138.4</u>	<u>483.0</u>	<u>426.4</u>	<u>13.3%</u>
Total deferred outflows of resources	<u>4.9</u>	<u>3.9</u>	<u>1.7</u>	<u>1.4</u>	<u>6.6</u>	<u>5.3</u>	<u>24.5%</u>
Long-term debt	72.1	49.2	39.1	42.3	111.2	91.5	21.5%
Other liabilities	12.5	11.8	11.4	5.4	23.9	17.2	39.0%
Total liabilities	<u>84.6</u>	<u>61.0</u>	<u>50.5</u>	<u>47.7</u>	<u>135.1</u>	<u>108.7</u>	<u>24.3%</u>
Total deferred inflows of resources	<u>21.4</u>	<u>18.9</u>	<u>0.5</u>	<u>0.3</u>	<u>21.9</u>	<u>19.2</u>	<u>14.1%</u>
Net position							
Net investment in capital assets	175.4	169.5	91.3	64.2	266.7	233.7	14.1%
Restricted	7.6	7.9	5.1	5.1	12.7	13.0	-2.3%
Unrestricted	31.8	34.6	21.4	22.5	53.2	57.1	-6.8%
Total net position	<u>\$ 214.8</u>	<u>\$ 212.0</u>	<u>\$ 117.8</u>	<u>\$ 91.8</u>	<u>\$ 332.6</u>	<u>\$ 303.8</u>	<u>9.5%</u>

\* Restatement of Fiscal Year 2016 is the result of a prior period adjustment; see Note R on page 83 for more detail.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2017, the City's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$332.6 million (net position), compared to \$303.8 million at June 30, 2016. This would indicate an improved financial position in comparison to last fiscal year. Approximately 80.2 percent at June 30, 2017, and 76.9 percent at June 30, 2016, 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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

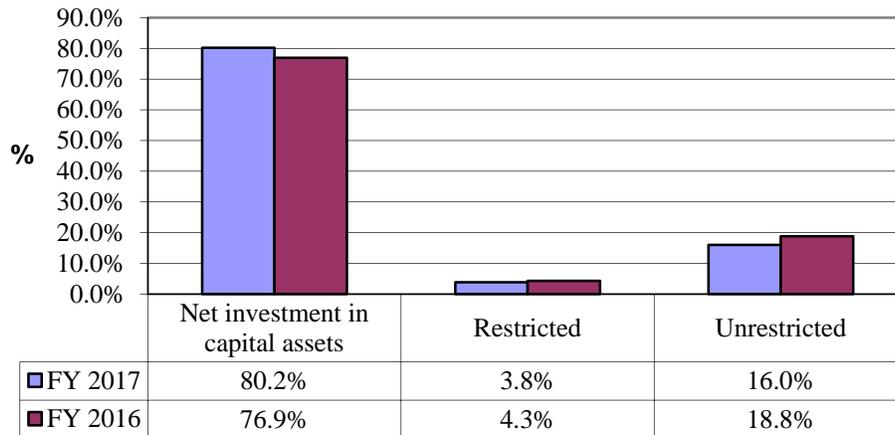
debt does not come from the capital assets themselves, but comes from other resources. The increase in the City's net investment in capital assets of \$33.0 million was due to the purchase of Bonanza Flat open space land, combined with routine acquisitions of capital assets, repayments of the related debt and depreciation expense.

Restricted net position of \$12.7 million at June 30, 2017, and \$13.0 million at June 30, 2016 represents resources that are subject to external restrictions on how they may be used. The decrease in restricted net position of \$0.3 million reflects the net decrease in restricted net position due to the spending of restricted cash on capital projects. Restricted net position for debt service and other remained the same from fiscal year 2016.

The other sub-classification of net position is unrestricted. The balance of approximately \$53.2 million at June 30, 2017, 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 \$3.9 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, 2017 and 2016**



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

**Changes in Net Position** - As taken from the Statement of Activities, the following table depicts the changes in net position for fiscal years 2017 and 2016.

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

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2017	2016 *	2017	2016	2017	2016 *	
Revenues							
Program Revenues							
Charges for services	\$ 5.1	\$ 5.3	\$ 24.6	\$ 20.8	\$ 29.7	\$ 26.1	13.8%
Operating grants and contributions	0.2	0.2	2.8	-	3.0	0.2	1400.0%
Capital grants and contributions	2.6	0.3	14.6	2.0	17.2	2.3	647.8%
General Revenues							
Property Tax	18.6	18.5	-	-	18.6	18.5	0.5%
Other Taxes	21.1	19.5	5.2	4.9	26.3	24.4	7.8%
Investment earnings	0.6	0.4	0.4	0.3	1.0	0.7	42.9%
Other	4.8	1.8	0.5	0.4	5.3	2.2	140.9%
<b>Total revenues</b>	<b>53.0</b>	<b>46.0</b>	<b>48.1</b>	<b>28.4</b>	<b>101.1</b>	<b>74.4</b>	<b>35.9%</b>
Expenses							
General government	21.9	19.7	-	-	21.9	19.7	11.2%
Public safety	6.3	5.7	-	-	6.3	5.7	10.5%
Public works	7.3	7.1	-	-	7.3	7.1	2.8%
Library and recreation	5.8	5.6	-	-	5.8	5.6	3.6%
Interest on long-term debt	1.4	1.5	-	-	1.4	1.5	-6.7%
Water	-	-	13.1	12.9	13.1	12.9	1.6%
Stormwater	-	-	1.2	-	1.2	-	100.0%
Transportation and parking	-	-	13.8	11.8	13.8	11.8	16.9%
Golf course	-	-	1.5	1.5	1.5	1.5	0.0%
<b>Total expenses</b>	<b>42.7</b>	<b>39.6</b>	<b>29.6</b>	<b>26.2</b>	<b>72.3</b>	<b>65.8</b>	<b>9.9%</b>
Increase in net position before transfers	10.3	6.4	18.5	2.2	28.8	8.6	234.9%
Transfers	(7.5)	0.7	7.5	(0.7)	-	-	0.0%
Increase in net position	2.8	7.1	26.0	1.5	28.8	8.6	0.0%
Net position beginning	212.0	197.5	91.8	90.3	303.8	287.8	5.6%
Adjustment to beginning net position*	-	7.4	-	-	-	7.4	100.0%
Net position ending	<b>\$ 214.8</b>	<b>\$ 212.0</b>	<b>\$ 117.8</b>	<b>\$ 91.8</b>	<b>\$ 332.6</b>	<b>\$ 303.8</b>	<b>9.5%</b>

\* The restatement of the beginning net position in Fiscal Year 2016 is the result of a prior period adjustment; see Note R on page 83 for more detail.

Net position increased from governmental activities in fiscal year 2017 approximately \$2.8 million and increased \$7.1 million in fiscal year 2016. The increase is primarily from increased capital grants and contributions combined with an increase in resort and sales taxes. Expenses for governmental activities increased \$3.1 million. The reasons for this increase are discussed in the following section for governmental activities.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

Net position increased \$26.0 million in fiscal year 2017 and increased \$1.5 million in 2016 for business-type activities. The revenues for business-type activities increased \$19.7 million mostly due to an increase in capital grants and contributions combined with increases in charges for services. During the fiscal year a new monthly stormwater fee of \$3.75 per equivalent surface unit (ESU) was added in the Stormwater Fund and in the Water Fund the water base rate was increased 2.0 percent along with an increase in the energy surcharge.

**Revenues** – For the year ended June 30, 2017, the City’s government-wide total revenues are approximately \$101.1 million as compared to the prior year total revenues of \$74.4 million. Key elements of this change were as follows:

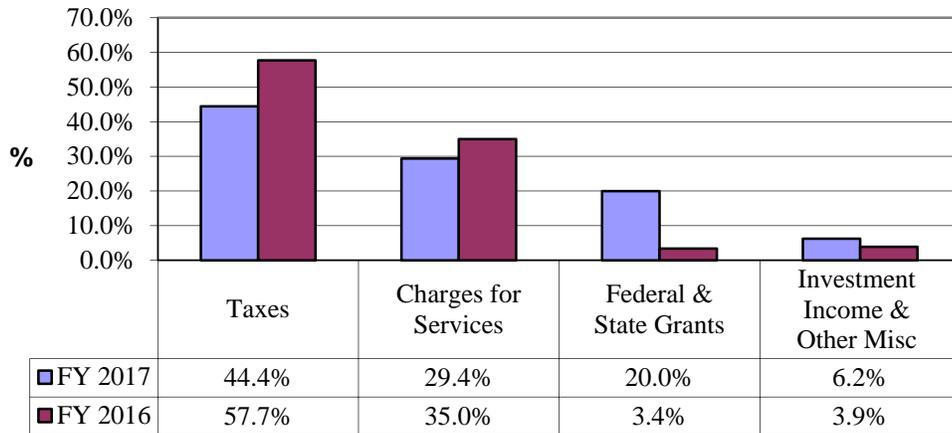
- Of the City’s total revenues, approximately 44.4 percent in fiscal year 2017 and 57.7 percent in fiscal year 2016 resulted from taxes, of which the majority was from general sales and use taxes and resort taxes as shown in the following table:

	<u>Tax Revenues</u>		<b>Total % Change</b>
	<u>2017</u>	<u>2016</u>	
Property tax, levied for general purposes	\$ 14.4	\$ 14.8	-2.70%
Property tax, levied for debt service	4.2	3.7	13.51%
General sales and use tax	10.8	10.0	8.00%
Franchise tax	3.2	3.2	0.00%
Resort tax	12.3	11.2	9.82%
Total	<u>\$ 44.9</u>	<u>\$ 42.9</u>	<u>4.66%</u>

- Charges for services increased in fiscal year 2017 approximately \$3.6 million and decreased from 35.0 percent of total revenues in fiscal year 2016 to 29.4 percent in fiscal year 2017. The \$3.6 million increase is primarily due to increased water services fees, a new stormwater service fee, and an increase in transportation and parking fees.
- Operating and capital contributions and grants increased to 20.0 percent of total revenues in fiscal year 2017 as compared to 3.4 percent in fiscal year 2016. This was a result of an increase in operating and capital grants in both business-type and governmental activities.
- Investment and other income, which is a combination of interest earnings and changes in the fair value of investments, and other miscellaneous income sources increased to 6.2 percent of total revenues in fiscal year 2017 from 3.9 percent in fiscal year 2016. The \$3.4 million increase is due to donations for the purchase of the Bonanza Flat property.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

**Government-Wide Revenues by Source**  
**June 30, 2017 and 2016**



**Expenses** - The City's government-wide total expenses cover a range of services. For the year ended June 30, 2017, the City's total expenses are \$72.3 million compared to the prior year of \$65.8 million. Of the \$6.5 million increase, general government expenses increased \$2.2 million, public safety increased \$0.6 million, public works increased \$0.2 million, library and recreation increased \$0.2 million and interest on long-term debt decreased \$0.1 million. Business-type activities increased \$3.4 million.

**Governmental Activities:**

*Revenue Highlights:*

- Taxes comprise the largest source of revenue for the City's governmental activities: Approximately \$39.7 million or 74.9 percent in fiscal year 2017 and \$38.0 million or 82.6 percent in fiscal year 2016 of total revenues from governmental activities. The \$1.7 million increase is the combination of the increased receipts of sales, resort and property taxes. Of total taxes, real property taxes are approximately \$18.6 million (46.9 percent) in fiscal year 2017 and \$18.5 million (48.6 percent) in fiscal year 2016.
- Charges for services decreased to \$5.1 million or 9.6 percent of total revenues in fiscal year 2017 from \$5.3 million or 11.5 percent of total revenues in fiscal year 2016. The decrease in 2017 was a result of collecting less business license and recreational activity fees.
- Grant and contribution revenue represents approximately \$2.8 million or 5.3 percent in fiscal year 2017 and \$0.5 million or 1.0 percent in fiscal year 2016 of total revenues. The \$2.3 million increase was the result of an increase in capital grants and contributions towards the purchase of Bonanza Flat.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

*Expense Highlights:*

- General government expenses of \$21.9 million in fiscal year 2017 and \$19.7 million in fiscal year 2016 represented 51.3 percent in fiscal year 2017 and 49.7 percent in fiscal year 2016 of total expenses from governmental activities. General government includes City Council, Mayor, City Attorney, Human Resources, Technical and Customer Services, Budget, Debt and Grants, Building, Economy, Community and Environment, Planning, Engineering, Finance, Quinns Recreation Complex, Lower Park Avenue Redevelopment Agency, Main Street Redevelopment Agency, and Non-departmental.
- Public Works, accounted for approximately \$7.3 million or 17.1 percent in fiscal year 2017 and \$7.1 million or 17.9 percent in fiscal year 2016 of total expenses.
- Public Safety expenses were \$6.3 million or 14.8 percent in fiscal year 2017 and \$5.7 million or 14.3 percent in fiscal year 2016. The \$0.6 million increase was primarily due to increases in salaries and benefits.
- Library and Recreation expenses were \$5.8 million or 13.6 percent in fiscal year 2017 and \$5.6 million or 14.1 percent in fiscal year 2016.

As a result, total net expenses that were funded by general revenues were \$34.8 million. Tax revenues of \$39.7 million were sufficient to fund net expenses in fiscal year 2017.

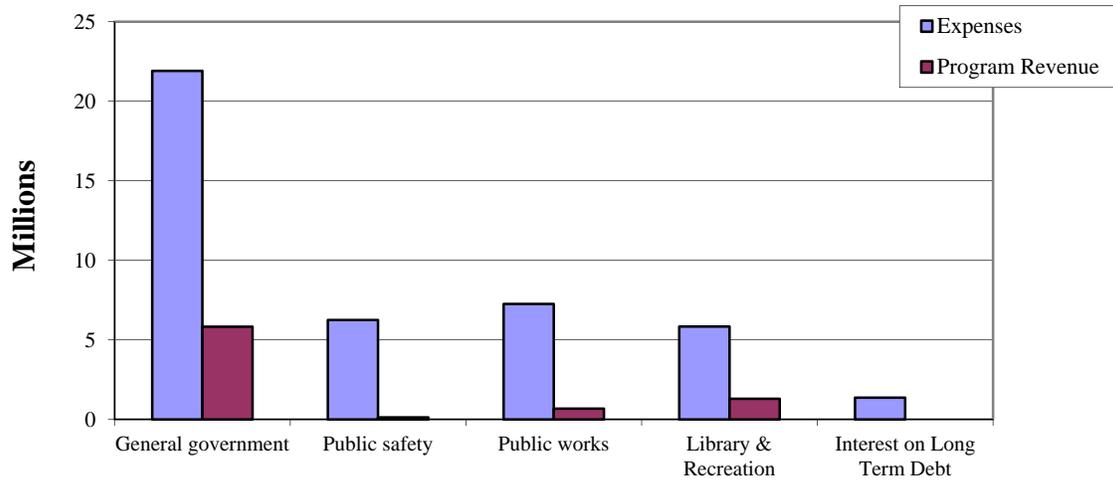
The following presents the costs and net costs (total cost less fees generated by the activities and intergovernmental aid) of the City's programs:

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>		<u>Total % Change</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
General government	\$ 21.9	\$ 19.7	\$ 16.1	\$ 15.9	1.3%
Public safety	6.3	5.7	6.1	5.6	8.9%
Public works	7.3	7.1	6.6	6.6	0.0%
Library and recreation	5.8	5.6	4.6	4.3	7.0%
Interest on long term debt	1.4	1.5	1.4	1.5	-6.7%
<b>Total</b>	<u>\$ 42.7</u>	<u>\$ 39.6</u>	<u>\$ 34.8</u>	<u>\$ 33.9</u>	<u>2.7%</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

**Expense and Program Revenue-Governmental Activities\***  
**Fiscal Year 2017**



\* See page 24

**Business-type Activities:**

The City's business-type activities increased net position by \$26.0 million. Key elements of this increase were as follows:

*Revenue Highlights:*

- Charges for services for business-type activities increased approximately \$3.8 million in fiscal year 2017 primarily due to a 2.0 percent increase in water rates, an increase in the pumping surcharge, and a new monthly stormwater fee.
- Operating and capital grants and contributions increased approximately \$15.4 million from fiscal year 2016 to fiscal year 2017. The increase was primarily due to the increase in funding from the federal government for transportation and parking.
- Combined general sales and use tax and transit resort tax increased approximately \$0.3 million from fiscal year 2016 to fiscal year 2017. The increase in fiscal year 2017 is attributable to a 0.5 percent increase to the transit tax in April 2017.

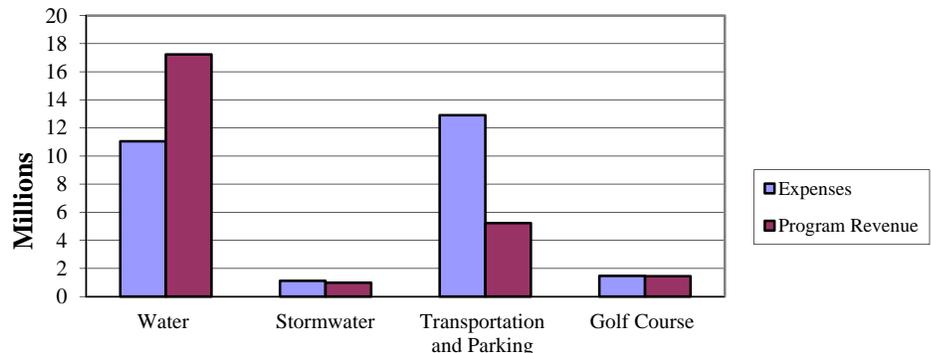
*Expense Highlights:*

- Salaries and benefits increased by \$1.4 million in 2017. The Stormwater Fund accounted for \$0.7 million of the increase. The \$0.7 million increase in the Transportation and Parking Fund was due to an increase in the number of full-time benefitted and part-time positions.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

- Supplies, maintenance and services increased by \$0.5 million in fiscal year 2017. The \$0.5 million increase in the Transportation and Parking Fund was primarily due to a contribution to the County's electric bike program and traffic mitigation planning.
- Energy and utilities remained flat in fiscal year 2017.

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



\*See Page 24

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

**Governmental Funds:** The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources available for appropriation. Such information is useful in assessing the City's financing requirements. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The City classified fund balances into the following five categories: nonspendable, restricted, committed, assigned and unassigned. In particular, unassigned fund balance is a useful measure of the City's net resources available for spending at the end of the fiscal year. More detailed information about GASB Statement No. 54 is presented in Note A, Section 5, on page 44.

As of June 30, 2017, the aggregate fund balance of the City's governmental funds was \$46.3 million, a decrease of \$5.6 million in comparison with the fiscal year ended June 30, 2016. In fiscal year 2017, approximately \$7.5 million or 16.2 percent of this amount is in unassigned fund balance. Unassigned fund balance category is available for appropriation by the City Council at their discretion.

Restricted fund balance has externally enforceable limitations on use and is not available for new spending. Restricted fund balance is approximately \$7.6 million in fiscal year 2017 and \$7.9 million in fiscal year 2016. Restricted capital improvement funds will be used to pay for several large dollar construction projects in future fiscal years.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

The remainder of the fund balance of \$31.2 million is committed. Of the \$31.2 million committed fund balance, \$28.6 million is committed to capital projects, \$1.8 million is committed to debt service and \$0.8 million is committed to special revenue. In fiscal year 2016 committed fund balance was approximately \$37.2 million and \$34.9 million was committed to capital projects, \$1.8 million to debt service, and \$0.5 million to special revenue.

The General Fund is the principal operating fund of the City. Utah State code establishes a 5.0 percent minimum (\$1,749,103) and a 25.0 percent maximum (\$8,745,516) limit to the amount that may be accumulated as the fund balance in the General Fund. As of June 30, 2017 the unassigned fund balance of the General Fund was \$7,497,277 and was \$1,248,239 below the 25.0 percent limit. The unassigned fund balance increased by \$717,603 in 2017. The unassigned fund balance in fiscal year 2016 decreased \$56,519.

As of June 30, 2017, the restricted fund balance in the Capital Improvements Fund was \$6.3 million and the committed fund balance was \$24.9 million. In fiscal year 2016 the restricted fund balance was \$6.3 million and the committed fund balance was \$30.8 million. The restricted fund balance remained the same. The \$5.9 million decrease in committed fund balances resulted from increased capital outlay spending.

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

Net position of the City's enterprise funds totaled approximately \$117.8 million at June 30, 2017, as compared to \$91.8 million at the end of fiscal year 2016. Net position at the end of fiscal year 2017 and 2016 for each of these funds were:

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

<u>Fund</u>	<u>Amount</u>		<u>Change</u>
	<u>2017</u>	<u>2016</u>	
Water	\$ 56,884,665	\$ 51,912,067	\$ 4,972,598
Stormwater	8,066,988	-	8,066,988
Transportation and parking	49,762,018	36,696,807	13,065,211
Golf course	3,061,155	3,153,195	(92,040)
Total	<u>\$ 117,774,826</u>	<u>\$ 91,762,069</u>	<u>\$ 26,012,757</u>

The net increase in net position from the prior year was \$26.0 million as compared to an increase of \$1.4 million in fiscal year 2016. Operating revenues increased \$3.8 million as compared to an increase of \$1.3 million in fiscal year 2016. The Water Fund operating revenues increased \$2.0 million. As noted earlier in the discussion of business-type activities, increased water fees resulted from a 2.0 percent increase to the base rate and an increase to the energy surcharge effective July 1, 2016. The Stormwater Fund had operating revenues of \$1.0 million from the new stormwater fee. The Transportation Fund operating revenues increased \$0.7 million compared to fiscal year 2016. The increase is attributable to increases in parking meter and regional transit revenue. The Golf Fund operating revenues remained the same at \$1.4 million.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

Water Fund net investment in capital assets increased by \$5.7 million, restricted net position remained the same and unrestricted net position decreased by \$0.7 million resulting in a net increase of total net position of \$5.0 million. The increase in net investment in capital assets was due to the net of acquisition of capital assets, repayment of related debt, and depreciation expense.

Stormwater Fund net investment in capital assets for fiscal year 2017 was \$8.1 million. The majority of the assets were improvements donated from governmental activities. Unrestricted net position for fiscal year 2017 is (\$8,864).

Transportation and Parking Fund net investment in capital assets increased by \$13.3 million in fiscal year 2017 primarily due to the purchase of new buses and installation of a new transit center. Unrestricted net position decreased \$0.2 million.

Golf Fund net investment in capital assets remained the same. Unrestricted net position decreased \$0.1 million due to the interfund loan for the purchase of new golf carts.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

Differences between the original budget and the final amended budget for expenditures of \$0.1 million (net decrease) can be briefly summarized as follows:

- \$0.7 million increase in appropriations for general government was due to lump merit awards and vacancy factor allocations.
- \$0.8 million combined decrease in public safety, public works, and library and recreation department budgets were due a budget error in the vacancy factor allocations.

Total actual expenditures came in \$0.9 million below the final budget. All departments remained within their legal spending authority except for public works due to a budget error; see Note A-Summary of Significant Accounting Policies, Section 6 on page 48. The differences between actual and the final budget can be briefly summarized as follows:

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

- The final budget in public safety was \$0.2 more than actual expenditures. The variance is attributable to expenditures under budget in salaries and benefits.
- The final budget was \$0.3 million less than actual expenditures in public works. This variance is attributable to the vacancy factor budget error.
- The final budget was slightly more than actual expenditures in library and recreation.

Actual revenues of \$29.8 million were \$0.5 million less than the budgeted revenues of \$30.3 million. See Note L-Budget Reconciliation on page 80 of this report.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The City's investment in capital assets for its governmental and business-type activities totaled \$365.3 million (net of \$194.9 million accumulated depreciation) at June 30, 2017, as compared to \$311.2 million (net of \$185.9 million accumulated depreciation) at June 30, 2016. 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, 2017 included:

*Governmental Activities:*

- \$36.5 million purchase of land known as Bonanza Flat
- \$4.7 million purchase of land at 1251 Kearns Boulevard
- \$1.1 million for structural upgrades to McPolin Barn
- \$1.0 million for Park Avenue Affordable Housing

*Business-type Activities:*

- \$6.4 million for twelve diesel transit buses
- \$3.8 million for Quinn's Water Treatment Plant Upgrades
- \$3.7 million for six fully electric transit buses
- \$2.4 million for the Kimball Junction Transit Center
- \$1.2 million purchase of land and building at Lot 2 Ontario Ave
- \$1.2 million purchase of land at 1251 Kearns Boulevard

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

**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>2017</u>	<u>2016 *</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016 *</u>	
Land and water rights	\$ 148.6	\$ 109.6	\$ 22.3	\$ 20.3	\$ 170.9	\$ 129.9	31.6%
Infrastructure	114.8	115.1	-	-	114.8	115.1	-0.3%
Buildings	43.3	43.3	20.7	17.3	64.0	60.6	5.6%
Art	0.7	0.7	0.1	0.1	0.8	0.8	0.0%
Improvements other than buildings	41.1	52.1	107.1	86.7	148.2	138.8	6.8%
Vehicles and equipment	12.5	12.3	30.9	22.7	43.4	35.0	24.0%
Construction in progress	5.5	5.0	6.6	5.9	12.1	10.9	11.0%
Intangibles	5.9	5.9	0.1	0.1	6.0	6.0	0.0%
Accumulated depreciation	(130.5)	(131.8)	(64.4)	(54.1)	(194.9)	(185.9)	4.8%
Total Assets	<u>\$ 241.9</u>	<u>\$ 212.2</u>	<u>\$ 123.4</u>	<u>\$ 99.0</u>	<u>\$ 365.3</u>	<u>\$ 311.2</u>	<u>17.4%</u>

\* The restatement of capital assets in Fiscal Year 2016 is the result of a prior period adjustment; see Note R on page 83 for more detail.

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

**Long-term Debt:** At June 30, 2017, the City had \$110.0 million in bonds, an increase of 21.7 percent from fiscal year 2016. Of this amount \$50.5 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 \$59.5 million.

The City's general obligation bonds were recently upgraded by Moody's to Aaa, and confirmed at AA+ by Standard and Poor's and AA+ by Fitch. Standard and Poor's has assigned a rating of AA- to the most recent Series 2015 Sales Tax Revenue Bonds. The City's 2013 and 2014 Water Revenue Bonds are rated Aa2 by Moody's and AA by Standard and Poor's. The City's long-term obligations for the fiscal years 2017 and 2016 were as follows:

	<b>Park City Municipal Corporation</b>						<u>Total % Change</u>
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		
	<u>Activities</u>		<u>Activities</u>		<u>Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
General obligation bonds	\$ 50.5	\$ 26.0	\$ -	\$ -	\$ 50.5	\$ 26.0	94.2%
Revenue bonds	20.7	22.4	38.8	42.0	59.5	64.4	-7.6%
Total debt	<u>\$ 71.2</u>	<u>\$ 48.4</u>	<u>\$ 38.8</u>	<u>\$ 42.0</u>	<u>\$ 110.0</u>	<u>\$ 90.4</u>	<u>21.7%</u>

The State of Utah mandates a general obligation debt limit of 4.0 percent of total assessed value of \$8,227,833,098. The current limitation for the City is \$312,113,324 which is significantly in

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2017**

excess of the City's outstanding general obligation debt. The City's net debt subject to this limitation was \$50,485,922 or 0.6 percent of total assessed value, leaving the amount available for future indebtedness at \$278,627,402. See Schedule 17 on page 125 of this report.

More detailed information about the City's long-term liabilities is presented in Note E-Long-term Obligations on pages 58-70 of this report.

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

- The unemployment rate for Summit County (of which Park City is the largest city) was 3.1 percent compared with the State unemployment rate of 3.4 percent, and a national rate of 4.4 percent. This compares with a rate of 3.4 percent for Summit County in 2016. (Sources: Utah Dept. of Workforce Services and Bureau of Labor Statistics)
- The fiscal year 2018 City budget does not include a property tax increase. The City Council recently adopted the certified tax rate for the General Fund. In accordance with Utah Statutes, the certified tax rate is intended to generate the same amount of property tax revenue as was received the prior year plus revenue for "new growth" occurring in the City. All other revenue sources have been estimated on a conservative basis using a multi-year trend analysis and assuming no significant changes in the local economy. The City's approach to budgeting includes preparation of a five-year capital plan. The long-term nature of the City's financial planning system allows decision makers to better understand the true effect of policy decisions. One of the most powerful aspects of the multi-year financial planning is its capability to recognize trends over time and begin at an early point to consider the necessary steps to alter the long-term forecasted position of the City.
- The rates and fees for most services remained constant for fiscal year 2018 compared with the prior fiscal year except for an increase of \$1.13 per equivalent surface unit (ESU) that was added in the Stormwater Fund. In the Water Fund the water base rate was increased 6.0 percent, a 10.0 percent increase to the irrigation base rate, and an increase to the energy surcharge of \$0.13 to \$0.41 per 1,000 gallons effective July 1, 2017. The City anticipates rate increases each year over the next several years in order to provide adequate working capital necessary to maintain the water and stormwater systems.

**Contacting City Management**

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

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# **BASIC FINANCIAL STATEMENTS**

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**Park City Municipal Corporation, Utah**  
**Statement of Net Position**  
**June 30, 2017**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash, cash equivalents and investments	\$ 40,319,997	\$ 24,586,036	\$ 64,906,033
Restricted cash and cash equivalents, fiscal agent	1,230,576	5,149,566	6,380,142
Restricted cash, cash equivalents and investments, other	6,318,540	-	6,318,540
Receivables:			
Taxes	22,971,050	414,643	23,385,693
Accounts	840,611	11,088,129	11,928,740
Notes	1,799,575	-	1,799,575
Internal balances	132,891	(132,891)	-
Inventories	391,771	433,548	825,319
Prepays	-	2,239,181	2,239,181
Capital assets not being depreciated:			
Land and water rights	148,609,832	22,245,189	170,855,021
Construction in progress	5,487,187	6,565,585	12,052,772
Art	718,619	109,214	827,833
Capital assets (net of accumulated depreciation):			
Buildings	29,581,538	14,171,956	43,753,494
Improvements other than buildings	20,900,011	61,744,779	82,644,790
Vehicles and equipment	5,194,389	18,511,265	23,705,654
Infrastructure	25,800,212	-	25,800,212
Intangibles	5,570,213	38,597	5,608,810
Net pension asset	3,713	-	3,713
Total assets	<u>315,870,725</u>	<u>167,164,797</u>	<u>483,035,522</u>
 <b>Deferred outflows of resources related to pensions</b>	 <u>\$ 4,911,647</u>	 <u>\$ 1,667,235</u>	 <u>\$ 6,578,882</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, 2017**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
Accounts payable	\$ 1,994,937	\$ 8,209,518	\$ 10,204,455
Accrued liabilities	2,356,511	317,848	2,674,359
Long-term debt due within one year:			
Compensated absences	362,575	171,623	534,198
General obligation bonds	4,945,000	-	4,945,000
Revenue bonds	1,605,000	3,115,000	4,720,000
Long-term debt due in more than one year:			
Compensated absences	508,513	162,128	670,641
General obligation bonds	45,540,922	-	45,540,922
Revenue bonds	19,110,393	35,682,758	54,793,151
Net pension liability	8,153,456	2,867,338	11,020,794
Total liabilities	<u>84,577,307</u>	<u>50,526,213</u>	<u>135,103,520</u>
<b>Deferred inflows of resources</b>			
Property taxes	19,785,339	-	19,785,339
Deferred gain on refunding	321,672	-	321,672
Deferred inflows of resources related to pensions	1,256,751	546,451	1,803,202
Total deferred inflows of resources	<u>21,363,762</u>	<u>546,451</u>	<u>21,910,213</u>
<b>Net Position</b>			
Net investment in capital assets	175,382,112	91,252,982	266,635,094
Restricted for:			
Debt service	3,816	5,149,566	5,153,382
Capital projects	7,545,300	-	7,545,300
Other	59,674	-	59,674
Unrestricted	31,850,401	21,356,820	53,207,221
<b>Total net position</b>	<u><u>\$214,841,303</u></u>	<u><u>\$ 117,759,368</u></u>	<u><u>\$332,600,671</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, 2017**

<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	\$ 21,909,746	\$ 3,668,799	\$ 50,000	\$ 2,109,591	\$ (16,081,356)
Public safety	6,254,164	9,685	119,516	4,823	(6,120,140)
Public works	7,263,125	174,917	-	509,071	(6,579,137)
Library and recreation	5,843,178	1,253,491	17,650	28,769	(4,543,268)
Interest on long-term debt	1,366,939	-	-	-	(1,366,939)
Total governmental activities	<u>42,637,152</u>	<u>5,106,892</u>	<u>187,166</u>	<u>2,652,254</u>	<u>(34,690,840)</u>
Business-type activities:					
Water	13,086,302	17,237,175	-	1,091,022	5,241,895
Stormwater	1,162,202	979,419	-	-	(182,783)
Transportation and parking	13,848,109	5,227,316	2,813,864	13,521,611	7,714,682
Golf course	1,546,036	1,153,794	-	-	(392,242)
Total business-type activities	<u>29,642,649</u>	<u>24,597,704</u>	<u>2,813,864</u>	<u>14,612,633</u>	<u>12,381,552</u>
Total primary government	<u>\$ 72,279,801</u>	<u>\$ 29,704,596</u>	<u>\$ 3,001,030</u>	<u>\$ 17,264,887</u>	<u>\$ (22,309,288)</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, 2017**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Changes in net position:			
Net (expense) revenue	\$ (34,690,840)	\$ 12,381,552	\$ (22,309,288)
General revenues:			
Property tax, levied for general purposes	14,350,265	-	14,350,265
Property tax, levied for debt service	4,220,158	-	4,220,158
General sales and use tax	5,620,687	5,233,194	10,853,881
Franchise tax	3,194,392	-	3,194,392
Resort tax	12,253,267	-	12,253,267
Investment earnings	582,208	402,924	985,132
Miscellaneous	4,856,960	456,419	5,313,379
Transfers	(7,534,613)	7,534,613	-
<b>Total general revenues and transfers</b>	<b>37,543,324</b>	<b>13,627,150</b>	<b>51,170,474</b>
<b>Change in net position</b>	<b>2,852,484</b>	<b>26,008,702</b>	<b>28,861,186</b>
Net position—beginning	204,622,232	91,750,666	296,372,898
Adjustment	7,366,587	-	7,366,587
Net position—beginning, as adjusted	211,988,819	91,750,666	303,739,485
<b>Net position—end of year</b>	<b>\$ 214,841,303</b>	<b>\$ 117,759,368</b>	<b>\$ 332,600,671</b>

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

# GOVERNMENTAL FUNDS

## Major Funds

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

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

**Debt Service - Park City General Obligation Fund** - Accounts for the accumulation of money for the repayment of the 2008, 2009, 2010, 2013, 2014 and 2017 General Obligation Bonds. The principal source of revenue is property tax.

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

**Park City Municipal Corporation, Utah**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	General	Debt Service -Sales Tax Revenue and Refunding	Debt Service - Park City General Obligation	Capital Projects - Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash, cash equivalents and investments	\$ 7,377,755	\$ 1,173,900	\$ 630,677	\$ 23,974,562	\$ 4,809,047	\$ 37,965,941
Restricted cash, cash equivalents and investments, fiscal agent	-	1,230,032	544	-	-	1,230,576
Restricted cash, cash equivalents and investments, other	-	-	-	6,318,540	-	6,318,540
Receivables						
Taxes	11,092,382	-	6,416,184	862,039	3,722,823	22,093,428
Accounts	105,597	-	-	599,951	524	706,072
Notes	10,000	-	-	1,789,575	-	1,799,575
Interfund loan	117,433	-	-	-	-	117,433
Other assets	39,212	-	-	-	-	39,212
Total assets	<u>\$ 18,742,379</u>	<u>\$ 2,403,932</u>	<u>\$ 7,047,405</u>	<u>\$ 33,544,667</u>	<u>\$ 8,532,394</u>	<u>\$ 70,270,777</u>
<b>Liabilities</b>						
Accounts payable	\$ 573,508	\$ -	\$ 26,500	\$ 505,341	\$ 301,529	\$ 1,406,878
Accrued liabilities	826,518	-	-	-	-	826,518
Total liabilities	<u>1,400,026</u>	<u>-</u>	<u>26,500</u>	<u>505,341</u>	<u>301,529</u>	<u>2,233,396</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue-property tax	9,657,969	-	6,416,184	-	3,711,186	19,785,339
Unavailable revenue-notes	127,433	-	-	1,789,575	-	1,917,008
Total deferred inflows of resources	<u>9,785,402</u>	<u>-</u>	<u>6,416,184</u>	<u>1,789,575</u>	<u>3,711,186</u>	<u>21,702,347</u>
<b>Fund Balances</b>						
Restricted:						
Capital projects	-	1,226,760	-	6,318,540	-	7,545,300
Debt service	-	3,272	544	-	-	3,816
Drug and tobacco enforcement	59,674	-	-	-	-	59,674
Committed:						
Capital projects funds	-	-	-	24,931,211	3,734,079	28,665,290
Debt service funds	-	1,173,900	604,177	-	-	1,778,077
Special revenue funds	-	-	-	-	785,600	785,600
Unassigned	7,497,277	-	-	-	-	7,497,277
Total fund balances	<u>7,556,951</u>	<u>2,403,932</u>	<u>604,721</u>	<u>31,249,751</u>	<u>4,519,679</u>	<u>46,335,034</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 18,742,379</u>	<u>\$ 2,403,932</u>	<u>\$ 7,047,405</u>	<u>\$ 33,544,667</u>	<u>\$ 8,532,394</u>	<u>\$ 70,270,777</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, 2017**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>		<b>\$ 46,335,034</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.		241,862,001
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Taxes receivable	877,622	
Interest receivable	21,775	
Net pension asset	3,713	903,110
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		1,811,178
Certain items not accounted for as unavailable under accrual accounting.		1,917,008
Pollution remediation liability not reported in the funds.		(1,272,000)
Long-term liabilities, including bonds payable and net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year-end consist of:		
Compensated absences	(800,247)	
Revenue bonds	(19,755,000)	
General obligation bonds	(47,335,000)	
Deferred bond premiums and discounts	(4,111,315)	
Deferred gain on debt refunding	(321,672)	
Accrued interest on the bonds	(240,615)	
Net pension liability	(7,670,758)	(80,234,607)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	4,649,574	
Deferred inflows of resources related to pensions	(1,129,995)	3,519,579
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>		<b>\$ 214,841,303</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, 2017**

	General	Debt Service - Sales Tax Revenue and Refunding	Debt Service - Park City General Obligation	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes and special assessments	\$ 23,791,447	\$ -	\$ 4,220,158	\$ 8,010,452	\$ 808,148	\$ 36,830,205
Licenses and permits	2,464,561	-	-	-	-	2,464,561
Intergovernmental	170,243	-	-	1,169,177	2,705,539	4,044,959
Charges for services	2,115,794	-	-	-	-	2,115,794
Fines and forfeitures	42,834	-	-	-	-	42,834
Investment income	150,770	26,965	645	362,468	41,360	582,208
Impact fees	-	-	-	308,786	-	308,786
Rental and other	1,055,613	-	58,353	3,927,354	-	5,041,320
Total revenues	<u>29,791,262</u>	<u>26,965</u>	<u>4,279,156</u>	<u>13,778,237</u>	<u>3,555,047</u>	<u>51,430,667</u>
<b>Expenditures</b>						
Current						
General government	15,005,872	-	-	-	-	15,005,872
Public safety	5,970,451	-	-	-	-	5,970,451
Public works	5,194,880	-	-	-	-	5,194,880
Library and recreation	4,080,211	-	-	-	-	4,080,211
Capital outlay	-	-	-	48,727,139	3,117,160	51,844,299
Economic development	-	-	-	-	864,697	864,697
Debt service						
Principal	-	1,550,000	3,300,000	-	-	4,850,000
Interest	-	705,380	910,345	-	-	1,615,725
Bond issuance costs	-	-	155,239	-	-	155,239
Total expenditures	<u>30,251,414</u>	<u>2,255,380</u>	<u>4,365,584</u>	<u>48,727,139</u>	<u>3,981,857</u>	<u>89,581,374</u>
(Deficiency) of revenues (under) expenditures	<u>(460,152)</u>	<u>(2,228,415)</u>	<u>(86,428)</u>	<u>(34,948,902)</u>	<u>(426,810)</u>	<u>(38,150,707)</u>
<b>Other financing sources (uses)</b>						
Debt issuance	-	-	25,000,000	-	-	25,000,000
Premium on debt issuance	-	-	2,863,698	-	-	2,863,698
Sale of capital assets	-	-	-	2,239,756	124,131	2,363,887
Transfers in	2,397,547	2,252,013	-	28,171,029	3,416,825	36,237,414
Transfers out	( 1,208,758)	( 462,696)	( 27,708,333)	( 1,285,867)	(3,199,213)	( 33,864,867)
Total other financing sources	<u>1,188,789</u>	<u>1,789,317</u>	<u>155,365</u>	<u>29,124,918</u>	<u>341,743</u>	<u>32,600,132</u>
<b>Change in fund balances</b>	<u>728,637</u>	<u>(439,098)</u>	<u>68,937</u>	<u>(5,823,984)</u>	<u>(85,067)</u>	<u>(5,550,575)</u>
<b>Fund balances - beginning</b>	<u>6,828,314</u>	<u>2,843,030</u>	<u>535,784</u>	<u>37,073,735</u>	<u>4,604,746</u>	<u>51,885,609</u>
<b>Fund balances - ending</b>	<u>\$ 7,556,951</u>	<u>\$ 2,403,932</u>	<u>\$ 604,721</u>	<u>\$ 31,249,751</u>	<u>\$ 4,519,679</u>	<u>\$ 46,335,034</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, 2017**

<b>Change in fund balances—total governmental funds:</b>		\$ (5,550,575)
<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	49,033,289	
Depreciation expense	<u>(6,920,209)</u>	42,113,080
<p>Transfers of capital assets between governmental activities and proprietary funds are not reported in the governmental funds but are recognized in the statement of activities.</p>		
		(8,249,613)
<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>		
		(4,259,882)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Taxes receivable	113,073	
Interest receivable	3,699	
Unavailable revenue	<u>1,602,655</u>	1,719,427
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Premiums and discounts associated with the issuance of debt are reported as other financing sources (uses) in the governmental funds, but in the statement of activities they are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position.</p>		
Issuance of long-term debt	(25,000,000)	
Principal repayments on long-term debt	4,850,000	
Capitalization of premiums and discounts	(2,863,698)	
Amortization of bond premiums and discounts	<u>318,964</u>	(22,694,734)
<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>		
		(8,282)
<p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
Pension contributions	2,475,994	
Actuarial calculated pension expense	<u>(2,584,884)</u>	(108,890)
<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 (\$112,102) plus amount allocated to business-type activities of \$15,458 and reversal of prior year allocation of (\$11,403).</p>		
		<u>(108,047)</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ 2,852,484</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes				
General property tax	\$ 10,073,557	\$ 10,426,233	\$ 10,030,710	\$ (395,523)
Delinquent taxes	597,000	597,000	702,843	105,843
General sales and use taxes	5,443,061	5,443,061	5,620,687	177,626
Franchise taxes	3,225,000	3,269,000	3,194,392	(74,608)
Resort taxes	4,432,358	4,432,358	4,242,815	(189,543)
Licenses and permits				
Business licenses	543,000	479,000	341,391	( 137,609)
Building permits	1,495,000	1,286,000	1,267,995	( 18,005)
Plan application fees	173,000	160,000	172,990	12,990
Building fees	765,000	650,000	581,865	( 68,135)
Other	59,000	120,000	100,320	( 19,680)
Intergovernmental				
Federal contribution	48,000	33,000	37,713	4,713
State liquor allotment	44,000	43,000	59,448	16,448
State contributions	62,000	60,700	23,082	( 37,618)
County contributions	25,000	2,000	50,000	48,000
Charges for services				
Recreational service fees	2,089,900	2,191,000	2,015,351	( 175,649)
Reimbursable services	91,000	90,000	69,426	( 20,574)
Cemetery fees and plot sales	36,000	21,300	29,560	8,260
Miscellaneous services	2,000	1,500	1,457	( 43)
Fines and forfeitures	24,000	23,685	42,834	19,149
Miscellaneous	1,160,000	903,900	1,055,613	151,713
Investment income	102,000	77,800	150,770	72,970
Total revenues	<u>30,489,876</u>	<u>30,310,537</u>	<u>29,791,262</u>	<u>(519,275)</u>
<b>Expenditures:</b>				
General government	15,261,786	16,006,846	15,005,872	1,000,974
Public safety	6,055,211	6,183,286	5,970,451	212,835
Public works	5,701,611	4,901,311	5,194,880	(293,569)
Library and recreation	4,281,761	4,130,112	4,080,211	49,901
Total expenditures	<u>31,300,369</u>	<u>31,221,555</u>	<u>30,251,414</u>	<u>970,141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(810,493)</u>	<u>(911,018)</u>	<u>(460,152)</u>	<u>450,866</u>
<b>Other financing sources (uses)</b>				
Transfers in	2,397,547	2,397,547	2,397,547	-
Transfers out	(1,208,758)	(1,208,758)	(1,208,758)	-
Total other financing sources	<u>1,188,789</u>	<u>1,188,789</u>	<u>1,188,789</u>	<u>-</u>
<b>Change in fund balance</b>	<u>378,296</u>	<u>277,771</u>	<u>728,637</u>	<u>450,866</u>
<b>Fund balance - beginning</b>	<u>5,151,256</u>	<u>6,757,199</u>	<u>6,828,314</u>	<u>71,115</u>
<b>Fund balance - ending</b>	<u>\$ 5,529,552</u>	<u>\$ 7,034,970</u>	<u>\$ 7,556,951</u>	<u>\$ 521,981</u>

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

# PROPRIETARY FUNDS

## Major Funds

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

**Stormwater Fund** – Accounts for the operations of the City's storm water utility.

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

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

**Park City Municipal Corporation, Utah**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

	<b>Business-type Activities-Enterprise Funds</b>					<b>Governmental Activities- Internal Service Funds</b>
	<b>Water Fund</b>	<b>Stormwater Fund</b>	<b>Transportation and Parking Fund</b>	<b>Golf Course Fund</b>	<b>Total Enterprise Funds</b>	
<b>Assets</b>						
<b>Current assets:</b>						
Cash, cash equivalents and investments	\$ 9,235,398	\$ 106,395	\$ 14,605,311	\$ 638,932	\$ 24,586,036	\$ 2,354,056
Restricted cash and cash equivalents, fiscal agent	5,149,566	-	-	-	5,149,566	-
Taxes receivable	-	-	414,643	-	414,643	-
Accounts receivable	1,611,331	116,096	9,358,562	2,140	11,088,129	102,994
Inventories	321,138	-	21,563	90,847	433,548	352,559
Prepays	542,868	-	1,696,313	-	2,239,181	-
Total current assets	<u>16,860,301</u>	<u>222,491</u>	<u>26,096,392</u>	<u>731,919</u>	<u>43,911,103</u>	<u>2,809,609</u>
<b>Noncurrent assets:</b>						
<b>Capital assets:</b>						
Land and water rights	17,693,589	-	3,723,149	828,451	22,245,189	-
Buildings	480,000	-	18,580,058	1,671,486	20,731,544	-
Improvements other than buildings	85,941,381	15,371,641	4,089,600	1,728,630	107,131,252	-
Art	-	-	109,214	-	109,214	-
Vehicles and equipment	9,056,009	401,610	19,895,379	1,537,434	30,890,432	47,450
Construction in progress	6,485,534	-	80,051	-	6,565,585	-
Intangible	27,810	-	58,645	-	86,455	-
Accumulated depreciation and amortization	( 38,267,240)	( 7,697,399)	( 15,368,742)	( 3,039,705)	( 64,373,086)	( 47,450)
Total capital assets (net of accumulated depreciation and amortization)	<u>81,417,083</u>	<u>8,075,852</u>	<u>31,167,354</u>	<u>2,726,296</u>	<u>123,386,585</u>	<u>-</u>
Total assets	<u>98,277,384</u>	<u>8,298,343</u>	<u>57,263,746</u>	<u>3,458,215</u>	<u>167,297,688</u>	<u>2,809,609</u>
<b>Deferred outflows of resources related to pensions</b>	<u>623,252</u>	<u>144,493</u>	<u>784,439</u>	<u>115,051</u>	<u>1,667,235</u>	<u>262,073</u>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	1,557,722	21,673	6,554,262	75,861	8,209,518	588,059
Accrued liabilities	230,783	4,130	65,138	17,797	317,848	7,608
<b>Current portion of long-term debt</b>						
Interfund loan	-	-	-	32,377	32,377	-
Compensated absences	61,106	9,983	93,283	7,251	171,623	10,765
Revenue bonds	3,115,000	-	-	-	3,115,000	-
Total current liabilities	<u>4,964,611</u>	<u>35,786</u>	<u>6,712,683</u>	<u>133,286</u>	<u>11,846,366</u>	<u>606,432</u>
<b>Noncurrent liabilities:</b>						
Interfund loan	-	-	-	85,056	85,056	-
Compensated absences	54,412	9,839	75,106	22,771	162,128	60,076
Revenue bonds	35,682,758	-	-	-	35,682,758	-
Net pension liability	1,107,417	268,932	1,280,987	210,002	2,867,338	482,698
Total noncurrent liabilities	<u>36,844,587</u>	<u>278,771</u>	<u>1,356,093</u>	<u>317,829</u>	<u>38,797,280</u>	<u>542,774</u>
Total liabilities	<u>41,809,198</u>	<u>314,557</u>	<u>8,068,776</u>	<u>451,115</u>	<u>50,643,646</u>	<u>1,149,206</u>
<b>Deferred inflows of resources related to pensions</b>	<u>206,773</u>	<u>61,291</u>	<u>217,391</u>	<u>60,996</u>	<u>546,451</u>	<u>126,756</u>
<b>Net Position</b>						
Net investment in capital assets	49,283,480	8,075,852	31,167,354	2,726,296	91,252,982	-
Restricted for debt service	5,149,566	-	-	-	5,149,566	-
Unrestricted	2,451,619	( 8,864)	18,594,664	334,859	21,372,278	1,795,720
<b>Total net position</b>	<u>\$ 56,884,665</u>	<u>\$ 8,066,988</u>	<u>\$ 49,762,018</u>	<u>\$ 3,061,155</u>	<u>\$ 117,774,826</u>	<u>\$ 1,795,720</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, 2017**

**TOTAL NET POSITION - PROPRIETARY FUNDS** \$ 117,774,826

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. (15,458)

**Total net position - business-type activities** \$ 117,759,368

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, 2017**

	<b>Business-type Activities-Enterprise Funds</b>					<b>Governmental Activities- Internal Service Funds</b>
	<b>Water Fund</b>	<b>Stormwater 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	\$ 17,237,175	\$ 979,419	\$ 5,227,316	\$ 1,153,794	\$ 24,597,704	\$ 3,534,197
Miscellaneous	-	-	-	290,679	290,679	-
Total operating revenues	<u>17,237,175</u>	<u>979,419</u>	<u>5,227,316</u>	<u>1,444,473</u>	<u>24,888,383</u>	<u>3,534,197</u>
<b>Operating expenses</b>						
Salaries and benefits	2,525,321	724,773	6,497,303	751,390	10,498,787	987,606
Supplies, maintenance and services	4,308,237	155,336	3,404,987	443,560	8,312,120	1,908,909
Energy and utilities	1,007,391	18,798	946,719	63,782	2,036,690	749,784
Depreciation and amortization	3,209,718	213,900	2,055,264	207,591	5,686,473	-
Total operating expenses	<u>11,050,667</u>	<u>1,112,807</u>	<u>12,904,273</u>	<u>1,466,323</u>	<u>26,534,070</u>	<u>3,646,299</u>
Operating income (loss)	<u>6,186,508</u>	<u>( 133,388)</u>	<u>( 7,676,957)</u>	<u>( 21,850)</u>	<u>( 1,645,687)</u>	<u>( 112,102)</u>
<b>Nonoperating revenues (expenses)</b>						
Intergovernmental	-	-	2,813,864	-	2,813,864	-
Transit and resort sales tax	-	-	5,233,194	-	5,233,194	-
Investment income	259,233	763	134,723	8,205	402,924	-
Interest expense	( 1,265,164)	-	-	( 527)	( 1,265,691)	-
Miscellaneous	165,740	-	-	-	165,740	-
Gain (loss) on sale of capital assets	405	-	( 183,392)	1,701	( 181,286)	-
Total nonoperating revenues (expenses)	<u>( 839,786)</u>	<u>763</u>	<u>7,998,389</u>	<u>9,379</u>	<u>7,168,745</u>	<u>-</u>
Income (loss) before contributions and transfers	5,346,722	( 132,625)	321,432	( 12,471)	5,523,058	( 112,102)
Capital contributions	1,091,022	8,249,613	13,521,611	-	22,862,246	-
Transfers in	-	-	-	25,000	25,000	-
Transfers out	( 1,465,146)	( 50,000)	( 777,832)	( 104,569)	( 2,397,547)	-
<b>Change in net position</b>	<u>4,972,598</u>	<u>8,066,988</u>	<u>13,065,211</u>	<u>( 92,040)</u>	<u>26,012,757</u>	<u>( 112,102)</u>
<b>Net position - beginning</b>	51,912,067	-	36,696,807	3,153,195	91,762,069	1,907,822
<b>Net position - ending</b>	<u>\$ 56,884,665</u>	<u>\$ 8,066,988</u>	<u>\$ 49,762,018</u>	<u>\$ 3,061,155</u>	<u>\$ 117,774,826</u>	<u>\$ 1,795,720</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, 2017**

**CHANGE IN NET POSITION - PROPRIETARY FUNDS** \$ 26,012,757

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 (\$112,102) less amount allocated to governmental activities of \$96,644 and reversal of prior year allocation of \$11,403.

(4,055)

**Change in net position of business-type activities**

\$ 26,008,702

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, 2017**

	<u>Business-type Activities-Enterprise Funds</u>				<u>Governmental Activities-Internal Service Funds</u>	
	<u>Water Fund</u>	<u>Stormwater Fund</u>	<u>Transportation and Parking Fund</u>	<u>Golf Course Fund</u>		<u>Total Enterprise Funds</u>
<b>Cash flows from operating activities</b>						
Receipts from customers	\$ 16,222,763	\$ 863,350	\$ 4,857,033	\$ 1,442,473	\$ 23,385,619	\$ 3,488,521
Payments to suppliers	( 5,143,200)	( 132,639)	( 172,425)	( 572,142)	( 6,020,406)	( 2,492,915)
Payments to employees	( 2,737,874)	( 534,913)	( 6,547,560)	( 770,050)	( 10,590,397)	( 999,029)
Net cash provided by (used in) operating activities	<u>8,341,689</u>	<u>195,798</u>	<u>( 1,862,952)</u>	<u>100,281</u>	<u>6,774,816</u>	<u>( 3,423)</u>
<b>Cash flows from noncapital financing activities</b>						
Transfers from other funds	-	-	-	25,000	25,000	-
Transfers to other funds	( 750,146)	( 50,000)	( 777,832)	( 104,569)	( 1,682,547)	-
Transit and resort sales tax	-	-	5,264,321	-	5,264,321	-
Net cash provided by (used in) noncapital financing activities	<u>( 750,146)</u>	<u>( 50,000)</u>	<u>4,486,489</u>	<u>( 79,569)</u>	<u>3,606,774</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>						
Impact fees, contributions and grants	1,091,022	-	8,262,207	-	9,353,229	-
Acquisition and construction of capital assets	( 6,115,090)	( 40,140)	( 15,621,122)	( 196,447)	( 21,972,799)	-
Principal paid on capital debt and interfund loan	( 2,980,000)	-	-	( 7,567)	( 2,987,567)	-
Interfund loan	-	-	-	125,000	125,000	-
Interest paid on capital debt and interfund loan	( 1,521,047)	-	-	( 527)	( 1,521,574)	-
Proceeds from sales of capital assets	-	-	69,340	-	69,340	-
Federal subsidy on capital debt	165,740	-	-	-	165,740	-
Net cash (used in) capital and related financing activities	<u>( 9,359,375)</u>	<u>( 40,140)</u>	<u>( 7,289,575)</u>	<u>( 79,541)</u>	<u>( 16,768,631)</u>	<u>-</u>
<b>Cash flows from investing activities</b>						
Interest received on investments	176,714	737	133,065	8,127	318,643	-
Net cash provided by investing activities	<u>176,714</u>	<u>737</u>	<u>133,065</u>	<u>8,127</u>	<u>318,643</u>	<u>-</u>
<b>Net increase (decrease) in cash, cash equivalents</b>	( 1,591,118)	106,395	( 4,532,973)	( 50,702)	( 6,068,398)	( 3,423)
<b>Balances—beginning of the year</b>	15,976,082	-	19,138,284	689,634	35,804,000	2,357,479
<b>Balances—end of the year</b>	<u>\$ 14,384,964</u>	<u>\$ 106,395</u>	<u>\$ 14,605,311</u>	<u>\$ 638,932</u>	<u>\$ 29,735,602</u>	<u>\$ 2,354,056</u>
<b>Reconciliation to statement of net assets:</b>						
Cash, cash equivalents	\$ 9,235,398	\$ 106,395	\$ 14,605,311	\$ 638,932	\$ 24,586,036	\$ 2,354,056
Cash, cash equivalents held by fiscal agent	5,149,566	-	-	-	5,149,566	-
Total cash, cash equivalents	<u>\$ 14,384,964</u>	<u>\$ 106,395</u>	<u>\$ 14,605,311</u>	<u>\$ 638,932</u>	<u>\$ 29,735,602</u>	<u>\$ 2,354,056</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ 6,186,508	\$ (133,388)	\$ (7,676,957)	\$ (21,850)	\$ (1,645,687)	\$ (112,102)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	3,209,718	213,900	2,055,264	207,591	5,686,473	-
Non-cash water interfund transfer to general fund	( 715,000)	-	-	-	( 715,000)	-
Change in assets and liabilities:						
Receivables, net	( 299,412)	( 116,069)	( 370,283)	( 2,000)	( 787,764)	( 45,676)
Inventories	15,990	-	-	( 17,890)	( 1,900)	( 53,834)
Accounts and other payables	148,894	21,673	4,175,954	( 53,312)	4,293,209	212,838
Accrued expenses	( 205,009)	209,682	( 46,930)	( 12,258)	( 54,515)	( 4,649)
Net cash provided by (used in) operating activities	<u>\$ 8,341,689</u>	<u>\$ 195,798</u>	<u>\$ (1,862,952)</u>	<u>\$ 100,281</u>	<u>\$ 6,774,816</u>	<u>\$ (3,423)</u>

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

Included in investment income is an increase of \$86,986 in fair value for the year ended June 30, 2017.

Governmental activities donated \$8.2 million in capital assets to the Stormwater Fund for the year ended June 30, 2017.

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, 2017**

	<b>PARK CITY AGENCY FUND</b>
<b>ASSETS</b>	
Cash, cash equivalents and investments	\$ 2,057,154
<b>Total assets</b>	<b><u><u>\$ 2,057,154</u></u></b>
<b>LIABILITIES</b>	
Deposits payable	\$ 2,057,154
<b>Total liabilities</b>	<b><u><u>\$ 2,057,154</u></u></b>

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

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**NOTES  
TO THE  
FINANCIAL  
STATEMENTS**

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**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

**1. General Information**

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

**2. Reporting Entity**

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

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

Included in this report are the following blended component units:

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

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

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

**3. Government-wide and Fund Financial Statements**

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

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

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

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

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

The Stormwater Fund operates the storm drain system for residents of the City.

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

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

Additionally, the City reports the following fund types:

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

Internal Service Funds are used to account for the central financing of goods or services provided to various departments of the City or other governments on a cost-reimbursement basis. The City currently has two internal service funds. The fleet services fund provides vehicle storage, repair and maintenance. The self-insurance fund was established to allow the City to supplement its regular insurance coverage as further explained in Note K – Risk Management on page 79 of this report.

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

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

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

***Cash, Cash Equivalents and Investments*** - Cash and investment management in the City is administered by the City Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah Code (see Note B on pages 51-55 of this report). The City complies with GASB 72, *Fair Value Measurement and Application*. The statement requires certain investments to be reported at fair value and the change in fair value to be recognized as an increase or decrease to investment assets and investment income. The City's investment in the State Treasurer's Pool has a fair value approximately equal to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act.

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Donated capital assets, donated works of art and similar items are recorded at acquisition value at the date of donation. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on specific circumstances. Water revenue bonds have been issued to finance specific water system improvements. The total capitalized interest expense on the bonds this fiscal year was \$58,455. The total interest income foregone was \$22,709. The total amount of \$81,164 was included as part of and thereby increased the cost of capital assets under construction in connection with construction of water system improvements.

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

<b>Assets</b>	<b>Years</b>
Buildings and improvements	20-75
Public domain infrastructure	20-30
System infrastructure	20-30
Vehicles, equipment and intangibles	3-25

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

***Long-term Obligations*** – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts and gains and losses on bond refunding, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains and losses on bond refunding are reported as deferred inflows and outflows. Bond issuance costs are expensed in the period in which they are incurred. The unamortized bond premiums/discounts at June 30, 2017 for governmental activities were \$4,111,315 and \$1,232,757 for business-type activities and proprietary funds. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

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

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

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

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

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

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**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, 2017 and classified fund balances into the following five categories:

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

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

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

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

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

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

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

***Restricted Assets*** - Certain proceeds of the City’s Water Revenue and Refunding Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the proprietary funds’ statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The “reserve fund” account with a balance at June 30, 2017 of \$5,149,566 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

Proceeds of the City's 2004 and 2013A Series General Obligation Bonds in the amount of \$4,974,396 are classified as restricted assets as well as impact fees of \$1,192,711 and B and C road funds of \$151,433. 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, 2017 of \$544 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

Proceeds of the City's 2015 Sales Tax Revenue Bonds are classified as restricted assets on the governmental funds balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "construction fund" account with a balance at June 30, 2017 of \$1,226,760 is used to report those proceeds of revenue bond issuances that are restricted for the purpose of financing the cost associated with improvements and acquisition of open space. The "reserve fund" account with a balance at June 30, 2017 of \$3,272 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

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

**6. Budgets**

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

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

When the unassigned fund balance is greater than 25 percent of expected revenues, the excess must be appropriated to capital projects determined to be in the best long-term interest of the City. During the year, the General Fund budget was decreased by \$78,814 under the guidelines described above. The decrease in appropriation was due to \$580,000 allocated to the applicable departmental budgets and duplicated in full to the parking structures budget. The error was not caught until after the budget had been adopted.

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

Each year the capital projects fund adjusted budget is comprised of new appropriations from the current year and unexpended appropriations from the prior year, since unexpended capital projects appropriations do not automatically lapse at yearend. Major capital project fund budgets included \$24,931,211 and non-major capital project fund budgets included \$3,734,079 for a total of \$28,665,290 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 June 2015 the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to the financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities. Statement No. 73 is effective for fiscal years beginning after June 15, 2016. This Statement has no effect on the City's financial statements.

In June 2015 the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43 and Statement No. 50, *Pension Disclosures*. Statement No. 75 establishes new accounting and financial reporting require-

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

ments for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement No. 74 are effective for fiscal year beginning after June 15, 2016. This Statement has no effect on the City's financial statements.

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

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

In December 2015 the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement establishes accounting and financial reporting standards for defined benefit pensions provided by state or local governments through a cost-sharing plan that meets the criteria of Statement No. 68 and is not a state or local governmental pension plan. The new standard is effective for periods beginning after December 15, 2015. This Statement had no effect on the City's financial statements.

In December 2015 the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure all their investments at amortized cost. The new standard is effective for periods beginning after June 15, 2015, except for certain provisions that will be effective for reporting periods beginning after December 15, 2015. Implementation of this Statement did not have a significant impact on the City's financial statements.

In January 2016 the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*, an amendment of GASB Statement No. 14 ("GASB 80"), amends the blending requirements for the financial statement presentation of component units of all state and local governments. The new standard is effective for periods beginning after June 15, 2016. Implementation of this Statement did not have a significant impact on the City's financial statements.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

In March 2016 the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement establishes accounting and financial reporting standards for irrevocable split-interest agreements created through trusts in which a donor irrevocably transfers resources to an intermediary. The new standard is effective for periods beginning after December 15, 2016. This Statement has no effect on the City’s financial statements.

In March 2016 the GASB issued Statement No. 82, *Pension Issues*, an amendment of GASB Statements No. 67, No. 68 and No. 73. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City adopted GASB No. 82 for the year ended June 30, 2017.

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

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Each fund type’s portion of this pool is displayed on the basic financial statements as “cash, cash equivalents and investments”. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with original maturities of three months or less meet this definition. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund. The following is a summary of cash, cash equivalents and investments at June 30, 2017:

	Government-Wide Statement of Net Position			Fund Financials	
	Governmental Activities	Business-Type Activities	Total	Fiduciary Fund Statement of Net Position	Total
Held by city-unrestricted	\$ 40,319,997	\$ 24,586,036	\$ 64,906,033	\$ 2,057,154	\$ 66,963,187
Held by city-restricted	6,318,540	-	6,318,540	-	6,318,540
Total held by city	<u>\$ 46,638,537</u>	<u>\$ 24,586,036</u>	<u>\$ 71,224,573</u>	<u>\$ 2,057,154</u>	<u>\$ 73,281,727</u>
Held by fiscal agent	<u>\$ 1,230,576</u>	<u>\$ 5,149,566</u>	<u>\$ 6,380,142</u>	<u>\$ -</u>	<u>\$ 6,380,142</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

As of June 30, 2017, the City had the following deposits and investments, including \$2,057,154 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	\$ 794,523	\$ -	\$ 794,523
Federal Home Loan Mortgage Corporation	1,827,015	100,001	1,727,014
Federal Home Loan Bank	146,955	-	146,955
Corporate Bonds	2,564,562	1,105,285	1,459,277
	<u>5,333,055</u>	<u>\$ 1,205,286</u>	<u>\$ 4,127,769</u>
Other investments			
State treasurer's investment pool	65,979,399	<u>\$ 65,979,399</u>	
Total investments	<u>71,312,454</u>		
<u>Deposits</u>			
Cash deposits checking-net of			
outstanding checks	1,240,706		
Cash deposits money market/savings	721,847		
Cash on hand	6,720		
Total deposits	<u>1,969,273</u>		
Total cash, cash equivalents and			
investments held by city	<u>73,281,727</u>		
Held by fiscal agent:			
State treasurer's investment pool	6,380,142		
Total cash, cash equivalents and investments	<u>\$ 79,661,869</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, 2017**

**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, 2017, the City's deposits had a carrying value of \$1,962,553 and a bank balance of \$2,544,282. Of the above bank balance, \$250,000 was covered by federal depository insurance. The City does not have a deposit policy for custodial credit risk. However, Utah State Law does not require deposits to be insured or collateralized.

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

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

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

At June 30, 2017 the City had the following recurring fair value measurements.

	6/30/2017	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<b><u>Investments by fair value level</u></b>				
Debt securities				
Federal National Mortgage Association	\$ 794,523	\$ 794,523	\$ -	\$ -
Federal Home Loan Mortgage Corporation	1,827,015	1,827,015	-	-
Federal Home Loan Bank	146,955	146,955	-	-
Corporate Bonds	2,564,562	2,564,562	-	-
Utah Public Treasurers' Investment Fund	65,979,399	-	65,979,399	-
Total debt securities	<u>\$ 71,312,454</u>	<u>\$ 5,333,055</u>	<u>\$ 65,979,399</u>	<u>\$ -</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. The Utah Public Treasurers' Investment Fund classified in Level 2 is valued by application of the June 30, 2017 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

*Custodial Credit Risk* for an investment is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: (1) The counterparty or (2) The counterparty's trust department or agent but not in the government's name. For investments in U.S. government agencies and corporate bonds with combined fair value of \$5,333,055 at June 30, 2017, the City uses a qualified depository bank for safekeeping securities for the purpose of settling investment transactions, safekeeping, and collecting those investments. These investments are held by the investment's counterparty, not in the name of the City but are supported by a safekeeping receipt issued by the City's bank. The City does not have an investment policy for custodial credit risk.

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

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

The City’s rated debt investments as of June 30, 2017, are shown in the table below using Standard and Poor’s rating scale:

	Fair Value	Quality Ratings		
		AAA	AA	A
<u>Primary government:</u>				
Debt securities				
Federal National Mortgage Association	\$ 794,523	\$ 794,523	\$ -	\$ -
Federal Home Loan Mortgage Corporation	1,827,015	1,827,015	-	-
Federal Home Loan Bank	146,955	146,955	-	-
Corporate Bonds	2,564,562	-	402,733	2,161,829

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

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

**NOTE C – NOTES RECEIVABLE**

Notes receivable of the governmental fund types at June 30, 2017 include various affordable housing and employee mortgage assistance loans with interest rates ranging from 0% to 5.0%. The following is a schedule of future principal and interest payments required under the terms of the notes receivable as of June 30, 2017:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	750,872	2,290	753,162
2019	506,304	2,084	508,388
2020	506,892	1,792	508,684
2021	8,233	1,435	9,668
2022	8,612	1,056	9,668
2023 - 2032	18,662	1,378	20,040
Total	\$ 1,799,575	\$ 10,035	\$ 1,809,610

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE D – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Transfers	Additions	Deletions	Balance June 30, 2017
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land and water rights	\$ 109,567,887	\$ -	\$ 43,242,032	\$ (4,200,087)	\$ 148,609,832
Construction in progress	5,030,763	(86,528)	2,967,706	(2,424,754)	5,487,187
Art	718,619	-	-	-	718,619
Total capital assets, not being depreciated	<u>115,317,269</u>	<u>(86,528)</u>	<u>46,209,738</u>	<u>(6,624,841)</u>	<u>154,815,638</u>
Capital assets, being depreciated:					
Buildings	43,331,026	-	-	-	43,331,026
Improvements other than building	52,124,442	(14,813,169)	3,780,538	-	41,091,811
Vehicles and equipment	12,304,367	(396,251)	1,308,796	(744,213)	12,472,699
Infrastructure	115,049,095	(464,245)	158,971	-	114,743,821
Intangibles	5,902,535	-	-	-	5,902,535
Total capital assets, being depreciated	<u>228,711,465</u>	<u>(15,673,665)</u>	<u>5,248,305</u>	<u>(744,213)</u>	<u>217,541,892</u>
Less accumulated depreciation for:					
Buildings	(12,525,992)	-	(1,223,496)	-	(13,749,488)
Improvements other than building	(26,120,222)	7,446,582	(1,518,160)	-	(20,191,800)
Vehicles and equipment	(6,888,923)	63,998	(1,137,803)	684,418	(7,278,310)
Infrastructure	(85,934,917)	-	(3,008,692)	-	(88,943,609)
Intangibles	(300,264)	-	(32,058)	-	(332,322)
Total accumulated depreciation	<u>(131,770,318)</u>	<u>7,510,580</u>	<u>(6,920,209)</u>	<u>684,418</u>	<u>(130,495,529)</u>
Total capital assets, being depreciated, net	<u>96,941,147</u>	<u>(8,163,085)</u>	<u>(1,671,904)</u>	<u>(59,795)</u>	<u>87,046,363</u>
Governmental activities capital assets, net	<u>\$ 212,258,416</u>	<u>\$ (8,249,613)</u>	<u>\$ 44,537,834</u>	<u>\$ (6,684,636)</u>	<u>\$ 241,862,001</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land and water rights	\$ 20,270,189	\$ -	\$ 1,975,000	\$ -	\$ 22,245,189
Construction in progress	5,900,722	86,528	5,154,803	(4,576,468)	6,565,585
Art	109,214	-	-	-	109,214
Total capital assets, not being depreciated	<u>26,280,125</u>	<u>86,528</u>	<u>7,129,803</u>	<u>(4,576,468)</u>	<u>28,919,988</u>
Capital assets, being depreciated:					
Buildings	17,336,749	-	3,394,795	-	20,731,544
Improvements other than building	86,746,099	15,277,414	5,107,739	-	107,131,252
Vehicles and equipment	22,666,085	396,251	11,190,722	(3,362,626)	30,890,432
Intangibles	86,455	-	-	-	86,455
Total capital assets, being depreciated	<u>126,835,388</u>	<u>15,673,665</u>	<u>19,693,256</u>	<u>(3,362,626)</u>	<u>158,839,683</u>
Less accumulated depreciation for:					
Buildings	(6,024,591)	-	(534,997)	-	(6,559,588)
Improvements other than building	(35,081,310)	(7,446,582)	(2,858,581)	-	(45,386,473)
Vehicles and equipment	(13,023,025)	(63,998)	(2,280,872)	2,988,728	(12,379,167)
Intangibles	(35,835)	-	(12,023)	-	(47,858)
Total accumulated depreciation	<u>(54,164,761)</u>	<u>(7,510,580)</u>	<u>(5,686,473)</u>	<u>2,988,728</u>	<u>(64,373,086)</u>
Total capital assets, being depreciated, net	<u>72,670,627</u>	<u>8,163,085</u>	<u>14,006,783</u>	<u>(373,898)</u>	<u>94,466,597</u>
Business-type activities capital assets, net	<u>\$ 98,950,752</u>	<u>\$ 8,249,613</u>	<u>\$ 21,136,586</u>	<u>\$ (4,950,366)</u>	<u>\$ 123,386,585</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE D – CAPITAL ASSETS, Continued**

Depreciation expense was charged to functions for the year ended June 30, 2017 as follows:

**Governmental activities:**

General government	\$ 2,789,864
Public safety	294,318
Public works	2,068,601
Library and recreation	1,767,426
Total governmental activities depreciation expense	<u>\$ 6,920,209</u>

**Business-type activities:**

Water	\$ 3,209,718
Stormwater	213,900
Transportation and parking	2,055,264
Golf course	207,591
Total business-type activities depreciation expense	<u>\$ 5,686,473</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE E – LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2017:

	Beginning Balance July 1, 2016	Additions	Reductions	Amortization	Ending Balance June 30, 2017	Due Within One Year
<b>Governmental activities:</b>						
General obligation bonds:						
2008 series-principal	\$ 5,990,000	\$ -	\$ (645,000)	\$ -	\$ 5,345,000	\$ 670,000
2008 series-premium/discount	29,884	-	-	(3,810)	26,074	-
2009 series-principal	6,970,000	-	(775,000)	-	6,195,000	795,000
2009 series-premium/discount	98,557	-	-	(12,561)	85,996	-
2010B series-principal	3,835,000	-	(380,000)	-	3,455,000	390,000
2010B series-premium	52,878	-	-	(5,977)	46,901	-
2013A series-principal	5,945,000	-	(425,000)	-	5,520,000	400,000
2013A series-premium	74,841	-	-	(6,318)	68,523	-
2013B series-principal	790,000	-	(390,000)	-	400,000	430,000
2013B series-premium	19,956	-	-	(10,856)	9,100	-
2014 series-principal	2,105,000	-	(685,000)	-	1,420,000	695,000
2014 series-premium	97,995	-	-	(34,526)	63,469	-
2017 series-principal	-	25,000,000	-	-	25,000,000	1,565,000
2017 series-premium	-	2,863,698	-	(12,839)	2,850,859	-
Total general obligation bonds	<u>26,009,111</u>	<u>27,863,698</u>	<u>(3,300,000)</u>	<u>(86,887)</u>	<u>50,485,922</u>	<u>4,945,000</u>
Revenue bonds:						
Sales tax revenue bonds						
2014A refunding-principal	4,935,000	-	(910,000)	-	4,025,000	950,000
2014A refunding-premium	380,891	-	-	(76,725)	304,166	-
2014B series-principal	5,375,000	-	-	-	5,375,000	-
2014B series-premium	145,788	-	-	(11,241)	134,547	-
2015 series-principal	10,995,000	-	(640,000)	-	10,355,000	655,000
2015 series-premium	561,902	-	-	(40,222)	521,680	-
Total revenue bonds	<u>22,393,581</u>	<u>-</u>	<u>(1,550,000)</u>	<u>(128,188)</u>	<u>20,715,393</u>	<u>1,605,000</u>
Compensated absences	814,555	732,783	(676,250)	-	871,088	362,575
Total governmental activities	<u>\$ 49,217,247</u>	<u>\$ 28,596,481</u>	<u>\$ (5,526,250)</u>	<u>\$ (215,075)</u>	<u>\$ 72,072,403</u>	<u>\$ 6,912,575</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

	Beginning Balance July 1, 2016	Additions	Reductions	Amortization	Ending Balance June 30, 2017	Due Within One Year
<b>Business-type activities:</b>						
2009A water revenue	\$ 1,750,000	\$ -	\$ (125,000)	\$ -	\$ 1,625,000	\$ 125,000
2009B water revenue refunding	5,170,000	-	(1,640,000)	-	3,530,000	1,720,000
2009B water revenue-premium	453,480	-	-	(152,977)	300,503	-
2009C water revenue	10,135,000	-	-	-	10,135,000	-
2010 water revenue	8,185,000	-	(755,000)	-	7,430,000	790,000
2010 water revenue-premium	505,780	-	-	(59,705)	446,075	-
2012 water revenue	3,260,000	-	(245,000)	-	3,015,000	255,000
2012 water revenue-premium	228,252	-	-	(20,812)	207,440	-
2012B water revenue	5,525,000	-	-	-	5,525,000	-
2012B water revenue-premium	94,558	-	-	(8,245)	86,313	-
2013A&B water revenue	2,405,000	-	(215,000)	-	2,190,000	225,000
2013A&B water revenue-premium	27,707	-	-	(2,926)	24,781	-
2014 water revenue	4,115,000	-	-	-	4,115,000	-
2014 water revenue-premium	186,340	-	-	(18,695)	167,645	-
Total revenue bonds	42,041,117	-	(2,980,000)	(263,360)	38,797,757	3,115,000
Compensated absences	298,415	252,709	(217,373)	-	333,751	171,623
Total business-type activities	<u>\$ 42,339,532</u>	<u>\$ 252,709</u>	<u>\$ (3,197,373)</u>	<u>\$ (263,360)</u>	<u>\$ 39,131,508</u>	<u>\$ 3,286,623</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At yearend \$70,841 of internal service fund compensated absences are included in the above amounts. Also, for the governmental activities compensated absences are liquidated by the general fund.

The City has complied with all revenue bond covenants.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

**General Obligation Bonds**

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

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

The debt service requirements for the bonds at June 30, 2017 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
	2018	\$ 670,000	\$ 224,200	\$ 795,000
2019	695,000	197,400	820,000	200,576
2020	725,000	169,600	850,000	173,516
2021	760,000	140,600	880,000	143,340
2022	795,000	109,250	915,000	111,220
2023	830,000	75,462	950,000	76,450
2024	870,000	39,150	985,000	39,400
Total	5,345,000	955,662	6,195,000	971,312
Plus unamortized premium/discount	26,074	-	85,996	-
Total	<u>\$ 5,371,074</u>	<u>\$ 955,662</u>	<u>\$ 6,280,996</u>	<u>\$ 971,312</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

**General Obligation Bonds, Continued**

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

The debt service requirements for the bonds at June 30, 2017 were as follows:

Fiscal Year Ending June 30,	Series 2010B Dated April 30, 2010 \$6,000,000 @ 1.10% to 5.25% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST
2018	\$ 390,000	\$ 164,735
2019	400,000	149,135
2020	410,000	131,335
2021	425,000	112,475
2022	435,000	92,287
2023	450,000	71,190
2024	465,000	48,915
2025	480,000	25,200
Total	3,455,000	795,272
Plus unamortized premium/discount	46,901	-
Total	\$ 3,501,901	\$ 795,272

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

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

**General Obligation Bonds, Continued**

The debt service requirements for the bonds at June 30, 2017 were as follows:

Fiscal Year Ending June 30,	Series 2013A Dated August 28, 2013 \$7,170,000 @ 2.00% to 3.25% per annum paid semi- annually (Nov. & May)		Series 2013B Dated August 28, 2013 \$1,930,000 @ 2.00% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2018	\$ 430,000	\$ 146,813	\$ 400,000
2019	440,000	138,213	-	-
2020	455,000	129,413	-	-
2021	465,000	120,313	-	-
2022	480,000	109,850	-	-
2023	500,000	97,850	-	-
2024	515,000	84,100	-	-
2025	530,000	69,938	-	-
2026	550,000	54,036	-	-
2027	565,000	37,536	-	-
2028	590,000	19,174	-	-
Total	5,520,000	1,007,236	400,000	8,000
Plus unamortized premium/discount	68,523	-	9,100	-
Total	<u>\$ 5,588,523</u>	<u>\$ 1,007,236</u>	<u>\$ 409,100</u>	<u>\$ 8,000</u>

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

The debt service requirements for the bonds at June 30, 2017 were as follows:

Fiscal Year Ending June 30,	Series 2014 Dated November 6, 2014 \$3,385,000 @ 2.00% to 4.00% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST
	2018	\$ 695,000
2019	725,000	14,500
Total	1,420,000	56,800
Plus unamortized premium	63,469	-
Total	<u>\$ 1,483,469</u>	<u>\$ 56,800</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

**General Obligation Bonds, Continued**

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

The debt service requirements for the bonds at June 30, 2017 were as follows:

Fiscal Year Ending June 30,	Series 2017 Dated June 6, 2017 \$25,000,000 @ 3.00% to 5.00% per annum paid semi- annually (Feb. & August)	
	PRINCIPAL	INTEREST
	2018	\$ 1,565,000
2019	1,280,000	961,550
2020	1,335,000	910,350
2021	1,385,000	843,600
2022	1,440,000	774,350
2023	1,500,000	702,350
2024	1,560,000	627,350
2025	1,625,000	549,350
2026	1,685,000	468,100
2027	1,755,000	383,850
2028	1,825,000	296,100
2029	1,900,000	241,350
2030	1,975,000	184,350
2031	2,055,000	125,100
2032	2,115,000	63,450
Total	25,000,000	7,789,526
Plus unamortized premium	2,850,859	-
Total	\$ 27,850,859	\$ 7,789,526

**Redevelopment Agency Capital Projects Funds and Bonds**

The City maintains special revenue and capital project funds for the Main Street Redevelopment Agency and the Lower Park Avenue Redevelopment Agency. For the fiscal year ended June 30, 2017 the tax increment collected by the Main Street Redevelopment Agency was \$283,883 and the tax contributions from other governments were \$950,390. The tax increment collected by the Lower Park Avenue Redevelopment Agency was \$524,265 and the tax contributions from other governments were \$1,755,149. The tax increment paid to another taxing agency by the Main Street Redevelopment Agency and by the Lower Park Avenue Redevelopment Agency was \$276,177 and \$456,142, respectively.

During the fiscal year, the Lower Park Avenue Redevelopment Agency expended \$1,661,273 for site improvements and \$120,068 for economic development. The Main Street Redevelopment Agency expended \$12,310 for economic development.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

**Water Revenue Refunding Bonds**

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

The debt service requirements for the water refunding bonds at June 30, 2017 were as follows:

Fiscal Year Ending June 30,	PRINCIPAL	INTEREST
2018	\$ 1,720,000	\$ 176,500
2019	1,810,000	90,500
Total	3,530,000	267,000
Plus unamortized premium	300,503	-
Total	<u>\$ 3,830,503</u>	<u>\$ 267,000</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.

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.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

**Water Revenue Refunding Bonds, Continued**

The debt service requirements for the water refunding bonds at June 30, 2017 were as follows:

Fiscal Year Ending June 30,	SERIES 2012B Dated December 14, 2012 \$5,525,000 @ 2.25%		SERIES 2013A Dated February 21, 2013 \$3,045,000 @ 2.00%	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2018	\$ -	\$ 124,313	\$ 225,000	\$ 41,550
2019	-	124,312	230,000	37,000
2020	-	124,313	235,000	32,350
2021	-	124,312	240,000	27,600
2022	-	124,313	245,000	22,750
2023	-	124,312	245,000	17,850
2024	-	124,313	250,000	12,900
2025	-	124,312	255,000	7,850
2026	-	124,313	265,000	2,650
2027	2,525,000	95,906	-	-
2028	3,000,000	33,750	-	-
Total	5,525,000	1,248,469	2,190,000	202,500
Plus unamortized premium	86,313	-	24,781	-
Total	<u>\$ 5,611,313</u>	<u>\$ 1,248,469</u>	<u>\$ 2,214,781</u>	<u>\$ 202,500</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

**Water Revenue Bonds**

On July 14, 2009, the City issued the par amount of \$2,500,000 in Taxable Water Revenue Bonds Series 2009A to finance the construction of drinking water system improvements. The bonds bear no interest and the principal payment of \$125,000 is paid annually beginning July 15, 2010 and ending July 15, 2029. Repayments on the debt are made from the net revenues of the Water Fund. The outstanding balance at June 30, 2017 is \$1,625,000.

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

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

The debt service requirements for these bonds at June 30, 2017 were as follows:

Fiscal Year Ending June 30,	Series 2009C Dated September 29, 2009 \$10,135,000 @ 4.70% to 5.25%		Series 2010 Dated February 10, 2010 \$12,200,000 @ 2.00% to 5.00%	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2018	\$ -	\$ 508,638	\$ 790,000
2019	-	508,637	825,000	261,925
2020	1,900,000	508,637	870,000	219,550
2021	1,960,000	419,337	910,000	179,600
2022	2,025,000	323,297	950,000	142,400
2023	2,090,000	221,035	1,000,000	103,400
2024	2,160,000	113,400	1,015,000	63,100
2025	-	-	1,070,000	21,400
Total	10,135,000	2,602,981	7,430,000	1,293,675
Plus unamortized premium	-	-	446,075	-
Total	\$ 10,135,000	\$ 2,602,981	\$ 7,876,075	\$ 1,293,675

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

**Water Revenue Bonds, Continued**

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

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

The debt service requirements for these bonds at June 30, 2017 were as follows:

Fiscal Year Ending June 30,	Series 2012 Dated May 31, 2012 \$4,160,000 @ 2.00% to 4.00%		Series 2014 Dated June 25, 2014 \$4,115,000 @ 3.25%	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2018	\$ 255,000	\$ 93,850	\$ -
2019	265,000	86,200	-	133,737
2020	280,000	78,250	-	133,737
2021	290,000	69,850	-	133,738
2022	300,000	61,150	-	133,738
2023	310,000	52,150	-	133,738
2024	315,000	42,850	-	133,738
2025	325,000	33,400	2,350,000	133,738
2026	335,000	23,650	1,765,000	57,363
2027	340,000	13,600	-	-
Total	3,015,000	554,950	4,115,000	1,127,264
Plus unamortized premium	207,440	-	167,645	-
Total	<u>\$ 3,222,440</u>	<u>\$ 554,950</u>	<u>\$ 4,282,645</u>	<u>\$ 1,127,264</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

**Sales Tax Revenue and Refunding Bonds**

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

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

The debt service requirements for the bonds at June 30, 2017 were as follows:

Fiscal Year Ending June 30,	Series 2014A, \$6,725,000 @ 2.00% -4.00% paid semiannually		Series 2014B, \$5,375,000 @3.00%-3.25% paid semiannually	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2018	\$ 950,000	\$ 139,700	\$ -
2019	985,000	101,700	-	164,912
2020	1,025,000	62,300	-	164,912
2021	1,065,000	21,300	-	164,912
2022	-	-	605,000	164,912
2023	-	-	625,000	146,763
2024	-	-	640,000	128,013
2025	-	-	660,000	108,813
2026	-	-	680,000	89,013
2027	-	-	700,000	68,613
2028	-	-	720,000	47,613
2029	-	-	745,000	24,213
Total	4,025,000	325,000	5,375,000	1,437,601
Plus unamortized premium	304,166	-	134,547	-
Total	<u>\$ 4,329,166</u>	<u>\$ 325,000</u>	<u>\$ 5,509,547</u>	<u>\$ 1,437,601</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

**Sales Tax Revenue and Refunding Bonds, Continued**

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

The debt service requirements for the bonds at June 30, 2017 were as follows:

Fiscal Year Ending June 30,	Series 2015, \$11,600,000 @ 2.00% - 4.00% paid semiannually	
	PRINCIPAL	INTEREST
2018	\$ 655,000	\$ 346,525
2019	665,000	333,425
2020	680,000	320,125
2021	710,000	292,925
2022	735,000	264,525
2023	765,000	235,125
2024	795,000	204,525
2025	820,000	180,675
2026	845,000	156,075
2027	880,000	122,275
2028	905,000	95,875
2029	930,000	68,725
2030	970,000	31,525
Total	10,355,000	2,652,325
Plus unamortized premium	521,680	-
Total	\$ 10,876,680	\$ 2,652,325

The Series 2014A, 2014B and 2015 Bonds are special limited obligations of the City, payable solely from and secured solely by a pledge of revenues from (1) 100 percent of the revenues received by the City from the local sales and use tax levied by the City pursuant to the Utah Local Sales and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code and (2) 100 percent of the revenues received by the City from the resort communities tax levied by the City pursuant to Title 59, Chapter 12, Part 4 of the Utah Code. The bonds do not constitute a pledge of the ad valorem taxing power or the full faith and credit of the City. More detailed information about pledged-revenue coverage is presented in Schedule 18 on page 126 of this report.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

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

The annual debt service requirements for all long-term debt outstanding as of June 30, 2017 by activity are as follows:

Year ending June 30,	Governmental Activities		Business-Type Activities
	General Obligation Bonds	Revenue Bonds	
Principal			
2018	\$ 4,945,000	\$ 1,605,000	\$ 3,115,000
2019	4,360,000	1,650,000	3,255,000
2020	3,775,000	1,705,000	3,410,000
2021	3,915,000	1,775,000	3,525,000
2022	4,065,000	1,340,000	3,645,000
2023-2027	15,815,000	7,410,000	17,240,000
2028-2032	10,460,000	4,270,000	3,375,000
Total	<u>47,335,000</u>	<u>19,755,000</u>	<u>37,565,000</u>
Plus unamortized premium/discount	3,150,922	960,393	1,232,757
Total	<u>\$ 50,485,922</u>	<u>\$ 20,715,393</u>	<u>\$ 38,797,757</u>
Interest			
2018	\$ 1,471,184	\$ 651,137	\$ 1,380,888
2019	1,661,374	600,037	1,242,311
2020	1,514,214	547,337	1,096,837
2021	1,360,328	479,137	954,437
2022	1,196,957	429,437	807,648
2023-2027	3,450,227	1,439,890	1,780,968
2028-2032	929,524	267,951	33,750
Total	<u>\$ 11,583,808</u>	<u>\$ 4,414,926</u>	<u>\$ 7,296,839</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE F – RETIREMENT PLANS**

**General Information about the Pension Plans**

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

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

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

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE F – RETIREMENT PLANS, Continued**

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

**Summary of Benefits by System**

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

\* With actuarial reductions

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

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE F – RETIREMENT PLANS, Continued**

Contribution rates as of June 30, 2017 are as follows:

**Utah Retirement Systems**

	<b>Employee</b>	<b>Employer</b>	<b>Employer 401(k)</b>
Contributory System			
11 Local Government Div - Tier 1	6.00	14.46	N/A
111 Local Government Div - Tier 2*	N/A	14.91	1.78
Non-Contributory System			
15 Local Government Div - Tier 1	N/A	18.47	N/A
Public Safety System			
Contributory			
23 Other Div A with 2.5% COLA	12.29	22.75	N/A
122 Tier 2 DB Hybrid Public Safety*	N/A	22.50	1.33
Noncontributory			
43 Other Div A with 2.5% COLA	N/A	34.04	N/A
Tier 2 Defined Contribution Only*			
211 Local Government	N/A	6.69	10.00
222 Public Safety	N/A	11.83	12.00

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

For the fiscal year ended June 30, 2017, the employer and employee contributions to the Systems were as follows:

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 1,559,571	N/A
Contributory System	128,811	-
Public Safety System	703,564	-
Tier 2 Public Employees Systems	830,304	-
Tier 2 Public Safety and Firefighter	79,353	-
Tier 2 DC Only System	36,006	N/A
Tier 2 DC Public Safety and Firefighter System	6,895	N/A
Total Contributions	\$ 3,344,504	\$ -

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE F – RETIREMENT PLANS, Continued**

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

At June 30, 2017, the City reported a net pension asset of \$3,713 and a net pension liability of \$11,020,795:

	<b>Measurement Date: December 31, 2016</b>				
	<b>Net Pension Asset</b>	<b>Net Pension Liability</b>	<b>Proportionate Share</b>	<b>Proportionate Share December 31, 2015</b>	<b>Change (Decrease)</b>
Noncontributory System	\$ -	\$ 7,081,816	1.1028763 %	1.1629907 %	(0.0601144) %
Contributory System	-	1,165,731	3.5528544	2.1367876	1.4160668
Public Safety System	-	2,708,774	1.3348476	1.1316373	0.2032103
Tier 2 Public Employees System	-	64,474	0.5779839	0.6083725	(0.0303886)
Tier 2 Public Safety and Firefighter	3,713	-	0.4276917	0.4334431	(0.0057514)
	\$ 3,713	\$ 11,020,795			

The net pension asset and liability were measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer’s actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the fiscal year ended June 30, 2017 the City recognized pension expense of \$3,618,833. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 156,570	\$ 474,752
Changes in assumptions	1,471,394	331,250
Net difference between projected and actual earnings on pension plan investments	2,723,848	787,001
Changes in proportion and differences between contributions and proportionate share of contributions	496,843	210,198
Contributions subsequent to the measurement date	1,730,226	-
Total	\$ 6,578,881	\$ 1,803,201

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE F – RETIREMENT PLANS, Continued**

\$1,730,226 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2016. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2017	\$ 965,998
2018	1,037,820
2019	1,114,156
2020	(102,326)
2021	2,545
Thereafter	27,258

Actuarial assumptions: The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.35% - 10.35%, average, including inflation
Investment rate of return	7.20%, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries. The actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE F – RETIREMENT PLANS, Continued**

Asset Class	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40.00 %	7.06 %	2.82 %
Debt securities	20.00	0.80	0.16
Real assets	13.00	5.10	0.66
Private equity	9.00	11.30	1.02
Absolute return	18.00	3.15	0.57
Cash and cash equivalents	-	-	-
Totals	100.00 %		5.23 %
	Inflation		2.60 %
	Expected arithmetic nominal return		7.83 %

The 7.20 percent assumed investment rate of return is comprised of an inflation rate of 2.60 percent, a real return of 4.60 percent that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the Systems' Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 7.20 percent from 7.50 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: the following presents the proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.20 percent) or 1 percentage point higher (8.20 percent) than the current rate:

System	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Noncontributory System	\$ 14,668,840	\$ 7,081,816	\$ 750,859
Contributory System	2,806,316	1,165,731	(216,295)
Public Safety System	5,633,637	2,708,774	331,260
Tier 2 Public Employees System	438,851	64,474	(220,334)
Tier 2 Public Safety and Firefighter System	25,975	(3,713)	(26,527)
Total	\$ 23,573,619	\$ 11,017,082	\$ 618,963

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE F – RETIREMENT PLANS, Continued**

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

**Defined Contribution Savings Plans**

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

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

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

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal years ended June 30, 2017 were as follows:

	<b>2017</b>	<b>2016</b>	<b>2015</b>
401(k) Plan			
Employer Contributions	\$ 224,693	\$ 186,225	\$ 105,401
Employee Contributions	-	-	-
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	17,105	12,245	9,258
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	1,050	-	175

**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, 2017 was \$24,015,391. Of that amount, \$8,111,638 was eligible to participate in this plan. The City participated at a rate of 0.50 percent, under City resolution for the year ended June 30, 2017 for employees covered by the State Contributory System retirement plan, 0.50 percent for employees covered by the State Noncontributory System retirement plan, and 18.47 percent under State Statute for a limited number of employees that are exempt from the State plan. During the year ended June 30, 2017 contributions totaling \$63,362 or 0.78 percent of covered payroll were made by the City. Employer contributions are fully vested in one year. All contributions were made by the due dates. The 401(a) defined contribution monies are not available

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE G - DEFINED CONTRIBUTION PLANS, Continued**

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

Section 457 deferred compensation plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The City's total payroll in the fiscal year ended June 30, 2017 was \$24,015,391. The City's covered payroll eligible for this plan totaled \$17,819,329 for the year ended June 30, 2017. The City participates in employer benefits of \$46.15 per pay period for those employees who have chosen single health insurance coverage and match the employees' voluntary contribution amount at fifty cents on the dollar to a maximum contribution of \$900. Contributions totaling \$218,276 or 1.22 percent of covered payroll were made by the City and voluntary contributions totaling \$874,337 or 4.90 percent of covered payroll were made by employees. All contributions were made by the due dates.

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

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

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

**NOTE H - COMMITMENTS AND CONTINGENCIES**

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

Commitments for major construction and capital improvements projects at June 30, 2017 are as follows:

Capital Projects Funds	\$2,988,954
Enterprise Funds	\$11,105,072

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE I– INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues were received by governmental fund types for the year ended June 30, 2017. They consist of the following:

State of Utah Class "C" road allotments	\$ 509,071
State contributions	94,180
County contributions	1,187,511
Federal contributions	48,853
Fire District	348,861
School District	<u>1,856,483</u>
 Total	 <u><u>\$ 4,044,959</u></u>

**NOTE J – INTERFUND LOANS**

Due to cash flow needs of the Golf Fund to purchase new golf carts, the sum of \$125,000 was advanced from the General Fund on April 1, 2017. The advance bears interest at 1.75 percent paid monthly for forty-eight months. The annual repayment requirement for the advance at June 30, 2017 was as follows:

<b>Fiscal Year Ending June 30,</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2018	\$ 30,566	\$ 1,811
2019	31,106	1,271
2020	31,654	723
2021	24,107	176
Total	<u><u>\$ 117,433</u></u>	<u><u>\$ 3,981</u></u>

**NOTE K – RISK MANAGEMENT**

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE K – RISK MANAGEMENT, Continued**

Unpaid claims as of June 30, 2015	17,630
Incurring claims	150,983
Claim payments	154,816
Unpaid claims as of June 30, 2016	13,797
Incurring claims	105,918
Claim payments	91,035
Unpaid claims as of June 30, 2017	\$ 28,680

**NOTE L – BUDGET RECONCILIATION**

A reconciliation of the original 2016-2017 budget, to the final legally adopted budget for all governmental fund types net of transfers approved in June 2017 is as follows:

	<b>Original Budget</b>	<b>Increase (Decrease)</b>	<b>Budget as Revised</b>
<b>General Fund:</b>			
Revenues	\$ 30,489,876	\$ (179,339)	\$ 30,310,537
Expenditures	31,300,369	(78,814)	31,221,555
<b>Special Revenue Funds:</b>			
Revenues	\$ 3,655,792	-	\$ 3,655,792
Expenditures	1,260,161	-	1,260,161
<b>Debt Service Funds:</b>			
Revenues	\$ 4,282,803	-	\$ 4,282,803
Expenditures	6,485,998	160,000	6,645,998
<b>Capital Projects Funds:</b>			
Revenues	\$ 26,166,750	\$ 34,872,500	\$ 61,039,250
Expenditures	37,775,762	82,385,490	120,161,252

**NOTE M – INTERFUND TRANSFERS**

**Fund Financial Statements**

Transfers were made to and from several funds during the course of the year ended June 30, 2017. An interfund transfer is a legally authorized transfer between funds in which one fund is responsible for the initial receipt of funds and another fund is responsible for the actual disbursement. The General Fund transferred \$1,023,700 to the Equipment Replacement Capital Projects Fund for future replacement of rolling stock and computer equipment. Several funds transferred a total of \$2,252,013 to the Sales Tax Revenue Bond Debt Service Fund to support principal and interest payments on debt. The Sales Tax Revenue Bond Debt Service Fund transferred \$462,696 of net bond proceeds to the Capital Improvements Fund for construction project costs. The General Obligation Bond Debt Service Fund transferred \$27,708,333 to the Capital Improvements Fund for a land purchase. Transfers to the General Fund were comprised of: \$750,146 from the Water Fund, \$50,000 from the Stormwater Fund, \$777,832 from the Transportation and Parking Fund and \$104,569 from the Golf Fund for administrative expenses for the year ended June 30, 2017.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE M – INTERFUND TRANSFERS, Continued**

	Transfers into:					
	Major Funds					Business- Type Activities
	General Fund	Capital Improvement Fund	Sales Tax Revenue & Refunding - DSF	Nonmajor Funds	Golf Course Fund	Total
<u>Transfers out from:</u>						
<b>Governmental activities</b>						
Major funds:						
General fund	\$ -	\$ -	\$ 160,058	\$ 1,023,700	\$ 25,000	\$ 1,208,758
Capital improvement fund	-	-	1,285,867	-	-	1,285,867
Sales tax rev & refund - DSF	-	462,696	-	-	-	462,696
General obligation - DSF	-	27,708,333	-	-	-	27,708,333
Nonmajor funds:						
Other funds	-	-	806,088	2,393,125	-	3,199,213
<b>Business-type activities</b>						
Water fund	1,465,146	-	-	-	-	1,465,146
Stormwater fund	50,000	-	-	-	-	50,000
Transportation and parking	777,832	-	-	-	-	777,832
Golf course fund	104,569	-	-	-	-	104,569
<b>Total</b>	<b>\$ 2,397,547</b>	<b>\$ 28,171,029</b>	<b>\$ 2,252,013</b>	<b>\$ 3,416,825</b>	<b>\$ 25,000</b>	<b>\$ 36,262,414</b>

**Government-Wide Financial Statements**

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

**NOTE N - TAXES**

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

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

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE O – UNAVAILABLE REVENUE**

**Fund Financial Statements**

At June 30, 2017, the following unavailable revenues were recorded in the fund financial statements as deferred inflows of resources because the funds were not available to finance expenditures of the current period.

	General	Debt Service - Park City General Obligation	Capital Projects - Capital Improvement Fund	Other Governmental Funds	Total
Miscellaneous loans/receivable	\$ 127,433	\$ -	\$ 1,789,575	\$ -	\$ 1,917,008
Property tax levied-not yet collected	9,657,969	6,416,184	-	3,711,186	19,785,339
	<u>\$ 9,785,402</u>	<u>\$ 6,416,184</u>	<u>\$ 1,789,575</u>	<u>\$ 3,711,186</u>	<u>\$ 21,702,347</u>

**NOTE P – CONDUIT DEBT**

On May 29, 2015, the City issued \$18,885,000 of 2015 Industrial Revenue Refunding Bonds on behalf of the United States Ski and Snowboard Association (USSA), a nonprofit corporation. The bonds refunded \$18,695,000 of the 2007 Multi-Mode Variable Rate Revenue Bonds issued on December 18, 2007, on behalf of USSA. The bonds bear interest at a variable rate and mature June 1, 2040. The bonds were used to partially finance the construction of The USSA Center of Excellence, an athletic training and office facility located in Park City. The bonds are secured by a pledge of revenues under the Bond Indenture. Neither the City’s General Fund nor the full faith and credit of the City are pledged for the payment of principal or interest on the bonds. Since the bonds do not constitute a debt of the City, they are not reported in the accompanying financial statements. The principal balance of outstanding bonds was \$17,784,738 at June 30, 2017.

**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.

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 Snyderville Basin Special Recreation District (SBSRD) entered into a Cooperative Agreement on June 15, 2017, in which the City conveyed all of its interests in this parcel to Summit County and SBSRD. The City also assigned its obligations under the Environmental Cost Sharing Agreement to Summit County and SBSRD. The City also assigned its obligations under the Utah Department of Environmental Quality’s Voluntary Clean-Up Program to Summit County and SBSRD and formally terminated its participation in the program.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2017**

**NOTE Q – POLLUTION REMEDIATION, Continued**

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

**NOTE R – RESTATEMENTS**

**Prior Period Adjustment**

In the governmental activities column in the entity-wide financial statements the City identified certain costs associated with capital assets that should have been reported as assets and not period costs. The adjustment resulting from a restatement of beginning net position of the governmental activities is as follows:

	Net Position	Adjustment	Restated
Governmental activities	\$ 204,622,232	\$ 7,366,587	\$ 211,988,819

**NOTE S – SUBSEQUENT EVENTS**

On November 9, 2017, the City sold Sales Tax Revenue Bonds Series 2017 in the amount of \$31,940,000 with a premium of \$3,287,871. The bond proceeds may be used for financing the acquisition and construction of affordable housing units; land acquisition; parking, plaza and walkway improvements; road improvements; open space acquisition; and parks and community center improvements. The interest rate on the bonds varies from 1.5 percent to 5.00 percent. The bonds mature June 15, 2032.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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

	As of calendar year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of its covered employee payroll
Noncontributory System	2014	1.1057757 %	\$ 4,801,538	\$ 8,969,083	53.50 %	90.20 %
	2015	1.1629907	6,580,767	8,900,339	73.94	87.80
	2016	1.1028763	7,081,816	8,404,365	84.26	87.30
Contributory System	2014	1.7202131	496,184	921,380	53.90	94.00
	2015	2.1367876	1,501,851	910,458	164.96	85.70
	2016	3.5528544	1,165,731	852,469	136.75	92.90
Public Safety System	2014	1.0325635	1,298,534	1,628,847	79.70	90.50
	2015	1.1316373	2,027,047	1,850,090	109.56	87.10
	2016	1.3348476	2,708,774	2,154,360	125.73	86.50
Tier 2 Public Employees System	2014	0.4811751	(14,582)	2,361,287	(0.60)	103.50
	2015	0.6083725	(1,328)	3,930,779	(0.03)	100.20
	2016	0.5779839	64,474	4,739,934	1.36	95.10
Tier 2 Public Safety and Firefighter System	2014	0.5580685	(8,256)	230,513	(3.60)	120.50
	2015	0.4334431	(6,333)	258,047	(2.45)	110.70
	2016	0.4276917	(3,713)	353,369	(1.05)	103.60

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

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

	As of fiscal year ended June 30,	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll <sup>2</sup>
Noncontributory System	2014	\$ 1,463,515	\$ 1,463,515	\$ -	\$ 8,593,869	17.03 %
	2015	1,593,052	1,593,052	-	8,676,643	18.36
	2016	1,583,281	1,583,281	-	8,630,571	18.35
	2017	1,559,571	1,559,571	-	8,480,620	18.39
Contributory System	2014	118,386	118,386	-	891,460	13.28
	2015	124,015	124,015	-	857,642	14.46
	2016	126,506	126,506	-	874,871	14.46
	2017	128,811	128,811	-	890,811	14.46
Public Safety System	2014	444,956	444,956	-	1,579,083	28.18
	2015	487,710	487,710	-	1,613,195	30.23
	2016	602,057	602,057	-	2,018,519	29.83
	2017	703,564	703,564	-	2,326,004	30.25
Tier 2 Public Employees System <sup>3</sup>	2014	274,597	274,597	-	1,962,810	13.99
	2015	447,904	447,904	-	2,998,019	14.94
	2016	652,227	652,227	-	4,374,424	14.91
	2017	830,304	830,304	-	5,568,772	14.91
Tier 2 Public Safety and Firefighter System <sup>3</sup>	2014	43,142	43,142	-	206,915	20.85
	2015	46,309	46,309	-	205,361	22.55
	2016	75,876	75,876	-	337,225	22.50
	2017	79,353	79,353	-	352,678	22.50
Tier 2 Public Employees DC Only System <sup>3</sup>	2014	2,308	2,308	-	41,356	5.58
	2015	14,096	14,096	-	209,757	6.72
	2016	23,903	23,903	-	357,294	6.69
	2017	36,006	36,006	-	538,211	6.69
Tier 2 Public Safety and Firefighter DC Only System <sup>3</sup>	2014	-	-	-	-	-
	2015	3,007	3,007	-	25,417	11.83
	2016	6,153	6,153	-	52,009	11.83
	2017	6,895	6,895	-	58,283	11.83

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

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

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

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

**Note 1. Changes in Assumptions:**

As of January 1, 2016 the assumed investment return assumption was decreased from 7.50 percent to 7.20 percent and the assumed inflation rate was decreased from 2.75 percent to 2.60 percent. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15 percent from the prior year assumption.

Additional pension plan information can be found in Note F on page 71.

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**SUPPLEMENTARY  
INFORMATION**

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# NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

**Park City Municipal Corporation, Utah**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2017**

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental	
	Lower Park Avenue Redevelopment Agency	Main Street Redevelopment Agency	Total	Lower Park Avenue Redevelopment Agency	Main Street Redevelopment Agency	Municipal Building Authority	Equipment Replacement CIP		Total
<b>Assets</b>									
Cash, cash equivalents and investments	\$ 317,676	\$ 468,065	\$ 785,741	\$ 1,003,698	\$ 1,212,776	\$ 448,461	\$ 1,358,371	\$ 4,023,306	\$ 4,809,047
Receivables									
Taxes	2,417,417	1,305,406	3,722,823	-	-	-	-	-	3,722,823
Accounts	81	84	165	137	162	60	-	359	524
Total assets	<u>\$ 2,735,174</u>	<u>\$ 1,773,555</u>	<u>\$ 4,508,729</u>	<u>\$ 1,003,835</u>	<u>\$ 1,212,938</u>	<u>\$ 448,521</u>	<u>\$ 1,358,371</u>	<u>\$ 4,023,665</u>	<u>\$ 8,532,394</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>									
Accounts payable	\$ 343	\$ 11,600	\$ 11,943	\$ 262,010	\$ -	\$ 21,916	\$ 5,660	\$ 289,586	\$ 301,529
Deferred inflows of resources-property tax	2,411,186	1,300,000	3,711,186	-	-	-	-	-	3,711,186
Total liabilities and deferred inflows of resources	<u>2,411,529</u>	<u>1,311,600</u>	<u>3,723,129</u>	<u>262,010</u>	<u>-</u>	<u>21,916</u>	<u>5,660</u>	<u>289,586</u>	<u>4,012,715</u>
<b>Fund Balances</b>									
Committed:									
Capital projects	-	-	-	741,825	1,212,938	426,605	1,352,711	3,734,079	3,734,079
Economic development	323,645	461,955	785,600	-	-	-	-	-	785,600
Total fund balances	<u>323,645</u>	<u>461,955</u>	<u>785,600</u>	<u>741,825</u>	<u>1,212,938</u>	<u>426,605</u>	<u>1,352,711</u>	<u>3,734,079</u>	<u>4,519,679</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 2,735,174</u>	<u>\$ 1,773,555</u>	<u>\$ 4,508,729</u>	<u>\$ 1,003,835</u>	<u>\$ 1,212,938</u>	<u>\$ 448,521</u>	<u>\$ 1,358,371</u>	<u>\$ 4,023,665</u>	<u>\$ 8,532,394</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, 2017**

	Special Revenue Funds			Capital Projects Funds					Total Nonmajor Governmental
	Lower Park Avenue Redevelopment Agency	Main Street Redevelopment Agency	Total	Lower Park Avenue Redevelopment Agency	Main Street Redevelopment Agency	Municipal Building Authority	Equipment Replacement CIP	Total	
<b>Revenues</b>									
Taxes and special assessments	\$ 524,265	\$ 283,883	\$ 808,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 808,148
Contribution from other governments	1,755,149	950,390	2,705,539	-	-	-	-	-	2,705,539
Investment income	6,326	6,651	12,977	12,006	11,677	4,700	-	28,383	41,360
Total revenues	<u>2,285,740</u>	<u>1,240,924</u>	<u>3,526,664</u>	<u>12,006</u>	<u>11,677</u>	<u>4,700</u>	<u>-</u>	<u>28,383</u>	<u>3,555,047</u>
<b>Expenditures</b>									
Capital outlay	-	-	-	1,661,273	-	34,056	1,421,831	3,117,160	3,117,160
Economic development	576,210	288,487	864,697	-	-	-	-	-	864,697
Total expenditures	<u>576,210</u>	<u>288,487</u>	<u>864,697</u>	<u>1,661,273</u>	<u>-</u>	<u>34,056</u>	<u>1,421,831</u>	<u>3,117,160</u>	<u>3,981,857</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,709,530</u>	<u>952,437</u>	<u>2,661,967</u>	<u>( 1,649,267)</u>	<u>11,677</u>	<u>( 29,356)</u>	<u>( 1,421,831)</u>	<u>( 3,088,777)</u>	<u>( 426,810)</u>
<b>Other financing sources (uses)</b>									
Sale of capital assets	-	-	-	-	-	-	124,131	124,131	124,131
Transfers in	-	-	-	1,641,125	752,000	-	1,023,700	3,416,825	3,416,825
Transfers out	( 1,641,125)	( 752,000)	( 2,393,125)	-	( 806,088)	-	-	( 806,088)	( 3,199,213)
Total other financing sources (uses)	<u>( 1,641,125)</u>	<u>( 752,000)</u>	<u>( 2,393,125)</u>	<u>1,641,125</u>	<u>( 54,088)</u>	<u>-</u>	<u>1,147,831</u>	<u>2,734,868</u>	<u>341,743</u>
<b>Net change in fund balances</b>	68,405	200,437	268,842	( 8,142)	( 42,411)	( 29,356)	( 274,000)	( 353,909)	( 85,067)
<b>Fund balances - beginning</b>	<u>255,240</u>	<u>261,518</u>	<u>516,758</u>	<u>749,967</u>	<u>1,255,349</u>	<u>455,961</u>	<u>1,626,711</u>	<u>4,087,988</u>	<u>4,604,746</u>
<b>Fund balances - ending</b>	<u>\$ 323,645</u>	<u>\$ 461,955</u>	<u>\$ 785,600</u>	<u>\$ 741,825</u>	<u>\$ 1,212,938</u>	<u>\$ 426,605</u>	<u>\$ 1,352,711</u>	<u>\$ 3,734,079</u>	<u>\$ 4,519,679</u>

**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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 26,965	\$ 26,965
<b>Expenditures</b>				
Debt service				
Principal	1,550,000	1,550,000	1,550,000	-
Interest	711,013	711,013	705,380	5,633
Total expenditures	<u>2,261,013</u>	<u>2,261,013</u>	<u>2,255,380</u>	<u>5,633</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,261,013)</u>	<u>(2,261,013)</u>	<u>(2,228,415)</u>	<u>32,598</u>
<b>Other financing sources (uses)</b>				
Transfers in	2,252,013	2,252,013	2,252,013	-
Transfers out	-	(462,696)	(462,696)	-
Total other financing sources	<u>2,252,013</u>	<u>1,789,317</u>	<u>1,789,317</u>	<u>-</u>
<b>Net change in fund balance</b>	(9,000)	(471,696)	(439,098)	32,598
<b>Fund balance - beginning</b>	<u>2,800,417</u>	<u>2,843,030</u>	<u>2,843,030</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 2,791,417</u>	<u>\$ 2,371,334</u>	<u>\$ 2,403,932</u>	<u>\$ 32,598</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, 2017**

	<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	\$ 4,208,158	\$ 4,208,158	\$ 4,208,158	\$ -
Delinquent taxes	12,000	12,000	12,000	-
Investment income	-	-	645	645
Miscellaneous	62,645	62,645	58,353	( 4,292)
Total revenues	<u>4,282,803</u>	<u>4,282,803</u>	<u>4,279,156</u>	<u>(3,647)</u>
<b>Expenditures</b>				
Debt service				
Principal	3,300,000	3,300,000	3,300,000	-
Interest	924,985	924,985	910,345	14,640
Bond issuance costs	-	160,000	155,239	4,761
Total expenditures	<u>4,224,985</u>	<u>4,384,985</u>	<u>4,365,584</u>	<u>19,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>57,818</u>	<u>(102,182)</u>	<u>(86,428)</u>	<u>15,754</u>
<b>Other financing sources (uses)</b>				
Transfers out	-	(27,708,333)	(27,708,333)	-
Debt issuance	-	25,000,000	25,000,000	-
Premium on debt issuance	-	2,863,698	2,863,698	-
Total other financing sources (uses)	<u>-</u>	<u>155,365</u>	<u>155,365</u>	<u>-</u>
<b>Net change in fund balance</b>	57,818	53,183	68,937	15,754
<b>Fund balance - beginning</b>	<u>1,063,074</u>	<u>574,778</u>	<u>535,784</u>	<u>( 38,994)</u>
<b>Fund balance - ending</b>	<u>\$ 1,120,892</u>	<u>\$ 627,961</u>	<u>\$ 604,721</u>	<u>\$ (23,240)</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, 2017**

	<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	\$ 7,459,250	\$ 7,459,250	\$ 8,010,452	\$ 551,202
Intergovernmental	410,000	3,682,500	1,169,177	(2,513,323)
Investment income	-	-	362,468	362,468
Impact fees	765,000	865,000	308,786	(556,214)
Miscellaneous	17,532,500	49,032,500	3,927,354	( 45,105,146)
Total revenues	<u>26,166,750</u>	<u>61,039,250</u>	<u>13,778,237</u>	<u>(47,261,013)</u>
<b>Expenditures</b>				
Capital outlay				
Land and building acquisition	3,382,776	44,042,341	38,033,655	6,008,686
Street and storm drain improvements	1,180,000	2,183,343	981,654	1,201,689
Building renovation and construction	557,709	2,249,107	571,258	1,677,849
Improvements other than building	13,224,082	43,532,112	8,797,479	34,734,633
City parks and cemetery improvements	100,000	433,084	17,950	415,134
Equipment	375,637	876,031	325,143	550,888
Total expenditures	<u>18,820,204</u>	<u>93,316,018</u>	<u>48,727,139</u>	<u>44,588,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,346,546</u>	<u>(32,276,768)</u>	<u>(34,948,902)</u>	<u>(2,672,134)</u>
<b>Other financing sources (uses)</b>				
Sale of capital assets	-	3,750,000	2,239,756	(1,510,244)
Transfers in	-	28,171,029	28,171,029	-
Transfers out	(1,285,867)	(1,285,867)	(1,285,867)	-
Total other financing sources (uses)	<u>(1,285,867)</u>	<u>30,635,162</u>	<u>29,124,918</u>	<u>( 1,510,244)</u>
<b>Net change in fund balance</b>	6,060,679	(1,641,606)	(5,823,984)	(4,182,378)
<b>Fund balance - beginning</b>	<u>3,422,952</u>	<u>36,922,033</u>	<u>37,073,735</u>	<u>151,702</u>
<b>Fund balance - ending</b>	<u>\$ 9,483,631</u>	<u>\$ 35,280,427</u>	<u>\$ 31,249,751</u>	<u>\$ (4,030,676)</u>

**Park City Municipal Corporation, Utah**  
**Lower Park Avenue Redevelopment Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2017**

	<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	\$ 595,212	\$ 595,212	\$ 524,265	\$ (70,947)
Contribution from other governments	1,818,580	1,818,580	1,755,149	(63,431)
Investment income	-	-	6,326	6,326
Total revenues	<u>2,413,792</u>	<u>2,413,792</u>	<u>2,285,740</u>	<u>(128,052)</u>
<b>Expenditures</b>				
Economic development	<u>775,161</u>	<u>775,161</u>	<u>576,210</u>	<u>198,951</u>
Excess of revenues over expenditures	<u>1,638,631</u>	<u>1,638,631</u>	<u>1,709,530</u>	<u>70,899</u>
Other financing uses-transfers out	<u>(1,641,125)</u>	<u>(1,641,125)</u>	<u>(1,641,125)</u>	<u>-</u>
<b>Net change in fund balances</b>	(2,494)	(2,494)	68,405	70,899
<b>Fund balance - beginning</b>	133,560	254,047	255,240	1,193
<b>Fund balance - ending</b>	<u>\$ 131,066</u>	<u>\$ 251,553</u>	<u>\$ 323,645</u>	<u>\$ 72,092</u>

**Park City Municipal Corporation, Utah**  
**Main Street Redevelopment Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2017**

	<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	\$ 324,160	\$ 324,160	\$ 283,883	\$ (40,277)
Contribution from other governments	917,840	917,840	950,390	32,550
Investment income	-	-	6,651	6,651
Total revenues	<u>1,242,000</u>	<u>1,242,000</u>	<u>1,240,924</u>	<u>(1,076)</u>
<b>Expenditures</b>				
Economic development	<u>485,000</u>	<u>485,000</u>	<u>288,487</u>	<u>196,513</u>
Excess of revenues over expenditures	<u>757,000</u>	<u>757,000</u>	<u>952,437</u>	<u>195,437</u>
Other financing uses-transfers out	<u>(752,000)</u>	<u>(752,000)</u>	<u>(752,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	5,000	5,000	200,437	195,437
<b>Fund balance - beginning</b>	64,638	260,447	261,518	1,071
<b>Fund balance - ending</b>	<u>\$ 69,638</u>	<u>\$ 265,447</u>	<u>\$ 461,955</u>	<u>\$ 196,508</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 12,006	\$ 12,006
<b>Expenditures</b>				
Capital outlay				
Land and building acquisition	-	1,111,133	1,346,350	(235,217)
Street and storm drain improvements	-	39,845	-	39,845
Building renovation and construction	14,576,858	14,992,667	256,837	14,735,830
Improvements other than building	3,205,000	7,900,537	58,086	7,842,451
City parks and cemetery improvements	100,000	282,247	-	282,247
Total expenditures	<u>17,881,858</u>	<u>24,326,429</u>	<u>1,661,273</u>	<u>22,665,156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,881,858)</u>	<u>(24,326,429)</u>	<u>(1,649,267)</u>	<u>22,677,162</u>
Other financing sources (uses)				
Debt issuance	14,500,000	22,000,000	-	( 22,000,000)
Transfers in	1,641,125	1,641,125	1,641,125	-
Total other financing sources (uses)	<u>16,141,125</u>	<u>23,641,125</u>	<u>1,641,125</u>	<u>( 22,000,000)</u>
<b>Net change in fund balance</b>	<b>(1,740,733)</b>	<b>(685,304)</b>	<b>(8,142)</b>	<b>677,162</b>
<b>Fund balance - beginning</b>	<u>1,797,391</u>	<u>746,751</u>	<u>749,967</u>	<u>3,216</u>
<b>Fund balance - ending</b>	<u>\$ 56,658</u>	<u>\$ 61,447</u>	<u>\$ 741,825</u>	<u>\$ 680,378</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 11,677	\$ 11,677
<b>Expenditures</b>				
Capital outlay				
Improvements other than building	50,000	15,062	-	15,062
Equipment	-	75,000	-	75,000
Total expenditures	<u>50,000</u>	<u>90,062</u>	<u>-</u>	<u>90,062</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,000)</u>	<u>(90,062)</u>	<u>11,677</u>	<u>101,739</u>
Other financing sources (uses)				
Transfers in	752,000	752,000	752,000	-
Transfers out	(806,088)	(806,088)	(806,088)	-
Total other financing (uses)	<u>(54,088)</u>	<u>(54,088)</u>	<u>(54,088)</u>	<u>-</u>
<b>Net change in fund balance</b>	(104,088)	(144,150)	(42,411)	101,739
<b>Fund balance - beginning</b>	<u>1,166,101</u>	<u>1,250,230</u>	<u>1,255,349</u>	<u>5,119</u>
<b>Fund balance - ending</b>	<u>\$ 1,062,013</u>	<u>\$ 1,106,080</u>	<u>\$ 1,212,938</u>	<u>\$ 106,858</u>

**Park City Municipal Corporation, Utah**  
**Municipal Building Authority Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 4,700	\$ 4,700
<b>Expenditures</b>				
Capital outlay-improvements other than building	-	34,187	34,056	131
Excess (deficiency) of revenues over (under) expenditures	-	(34,187)	(29,356)	4,831
<b>Net change in fund balance</b>	-	(34,187)	(29,356)	4,831
<b>Fund balance - beginning</b>	416,703	454,087	455,961	1,874
<b>Fund balance - ending</b>	<u>\$ 416,703</u>	<u>\$ 419,900</u>	<u>\$ 426,605</u>	<u>\$ 6,705</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, 2017**

	<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	\$ 1,023,700	\$ 2,394,556	\$ 1,421,831	\$ 972,725
<b>Other financing sources</b>				
Sale of capital assets	-	-	124,131	124,131
Transfers in	1,023,700	1,023,700	1,023,700	-
Total other financing sources	<u>1,023,700</u>	<u>1,023,700</u>	<u>1,147,831</u>	<u>124,131</u>
<b>Net change in fund balance</b>	-	(1,370,856)	(274,000)	1,096,856
<b>Fund balance - beginning</b>	<u>372,030</u>	<u>1,626,711</u>	<u>1,626,711</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 372,030</u>	<u>\$ 255,855</u>	<u>\$ 1,352,711</u>	<u>\$ 1,096,856</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, 2017**

	<u>Fleet Services Fund</u>	<u>Self- Insurance Fund</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 1,024,032	\$ 1,330,024	\$ 2,354,056
Accounts receivable	102,994	-	102,994
Inventories	352,559	-	352,559
Total current assets	<u>1,479,585</u>	<u>1,330,024</u>	<u>2,809,609</u>
Capital assets			
Vehicles and equipment	47,450	-	47,450
Accumulated depreciation	<u>( 47,450)</u>	<u>-</u>	<u>( 47,450)</u>
Net capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,479,585</u>	<u>1,330,024</u>	<u>2,809,609</u>
<b>Deferred outflows of resources</b>			
Deferred outflows of resources related to pensions	<u>262,073</u>	<u>-</u>	<u>262,073</u>
Total deferred outflows of resources	<u>262,073</u>	<u>-</u>	<u>262,073</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	51,955	536,104	588,059
Accrued liabilities	7,608	-	7,608
Compensated absences	10,765	-	10,765
Total current liabilities	<u>70,328</u>	<u>536,104</u>	<u>606,432</u>
Noncurrent liabilities:			
Compensated absences	60,076	-	60,076
Net pension liability	<u>482,698</u>	<u>-</u>	<u>482,698</u>
Total noncurrent liabilities	<u>542,774</u>	<u>-</u>	<u>542,774</u>
Total liabilities	<u>613,102</u>	<u>536,104</u>	<u>1,149,206</u>
<b>Deferred inflows of resources</b>			
Deferred inflows of resources related to pensions	<u>126,756</u>	<u>-</u>	<u>126,756</u>
Total deferred inflows of resources	<u>126,756</u>	<u>-</u>	<u>126,756</u>
<b>Total net position-unrestricted</b>	<u>\$ 1,001,800</u>	<u>\$ 793,920</u>	<u>\$ 1,795,720</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, 2017**

	<b>Fleet Services Fund</b>	<b>Self- Insurance Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Operating revenues-charges for services</b>	\$ 2,572,200	\$ 961,997	\$ 3,534,197
<b>Operating expenses</b>			
Salaries and benefits	987,606	-	987,606
Supplies, maintenance and services	772,561	1,136,348	1,908,909
Energy and utilities	749,784	-	749,784
	<u>          </u>	<u>          </u>	<u>          </u>
Total operating expenses	2,509,951	1,136,348	3,646,299
Income (loss) from operations and change in net position	<u>62,249</u>	<u>( 174,351)</u>	<u>( 112,102)</u>
<b>Net position - beginning</b>	939,551	968,271	1,907,822
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net position - ending</b>	<u>\$ 1,001,800</u>	<u>\$ 793,920</u>	<u>\$ 1,795,720</u>

**Park City Municipal Corporation, Utah**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2017**

	<b>Fleet Services Fund</b>	<b>Self- Insurance Fund</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 2,526,524	\$ 961,997	\$ 3,488,521
Payments to suppliers	( 1,630,140)	( 862,775)	( 2,492,915)
Payments to employees	( 999,029)	-	( 999,029)
Net cash provided by (used in) operating activities	<u>( 102,645)</u>	<u>99,222</u>	<u>( 3,423)</u>
Net increase (decrease) in cash, cash equivalents and investments	( 102,645)	99,222	( 3,423)
<b>Balances—beginning of the year</b>	<u>1,126,677</u>	<u>1,230,802</u>	<u>2,357,479</u>
<b>Balances—end of the year</b>	<u>\$ 1,024,032</u>	<u>\$ 1,330,024</u>	<u>\$ 2,354,056</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 62,249	\$ (174,351)	\$ (112,102)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Receivables, net	( 45,676)	-	( 45,676)
Inventories	( 53,834)	-	( 53,834)
Accounts and other payables	( 60,735)	273,573	212,838
Accrued expenses	( 4,649)	-	( 4,649)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (102,645)</u>	<u>\$ 99,222</u>	<u>\$ (3,423)</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, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>Park City Agency</b>				
<b>Assets</b>				
Cash, cash equivalents and investments	\$ <u>1,836,300</u>	\$ <u>1,065,436</u>	\$ <u>(844,582)</u>	\$ <u>2,057,154</u>
<b>Liabilities</b>				
Deposits	\$ <u>1,836,300</u>	\$ <u>1,065,436</u>	\$ <u>(844,582)</u>	\$ <u>2,057,154</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.	
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Changes in Net Position	109
Fund Balances of Governmental Funds	111
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<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.	
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<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.	
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<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.	
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<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.	
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year									
	2008	2009	2010	2011	2012 (1)	2013	2014 (1)	2015	2016 (1)	2017
Governmental activities										
Net investment in capital assets	\$ 94,499,292	\$ 104,268,572	\$ 126,232,311	\$ 133,919,927	\$ 136,071,293	\$ 142,887,371	\$ 150,053,024	\$ 159,315,342	\$ 169,437,708	\$ 175,382,112
Restricted	6,881,623	16,373,427	8,409,654	4,523,349	1,300,187	756,943	6,914,189	12,914,983	7,923,222	7,608,790
Unrestricted	64,231,443	46,530,239	40,053,884	39,298,940	43,625,788	42,124,211	31,427,218	25,315,602	34,627,889	31,850,401
Total governmental activities net position	<u>\$ 165,612,358</u>	<u>\$ 167,172,238</u>	<u>\$ 174,695,849</u>	<u>\$ 177,742,216</u>	<u>\$ 180,997,268</u>	<u>\$ 185,768,525</u>	<u>\$ 188,394,431</u>	<u>\$ 197,545,927</u>	<u>\$ 211,988,819</u>	<u>\$ 214,841,303</u>
Business-type activities										
Net investment in capital assets	\$ 33,742,422	\$ 36,546,622	\$ 45,544,573	\$ 51,237,710	\$ 56,867,717	\$ 57,738,180	\$ 58,889,312	\$ 61,064,884	\$ 64,172,905	\$ 91,252,982
Restricted	8,881,500	9,254,588	22,052,008	9,905,734	4,625,572	7,168,903	5,103,868	5,104,841	5,128,238	5,149,566
Unrestricted	16,473,348	17,152,620	234,871	11,465,665	18,103,004	16,869,063	20,587,531	24,110,275	22,449,523	21,356,820
Total business-type activities net position	<u>\$ 59,097,270</u>	<u>\$ 62,953,830</u>	<u>\$ 67,831,452</u>	<u>\$ 72,609,109</u>	<u>\$ 79,596,293</u>	<u>\$ 81,776,146</u>	<u>\$ 84,580,711</u>	<u>\$ 90,280,000</u>	<u>\$ 91,750,666</u>	<u>\$ 117,759,368</u>
Primary government										
Net investment in capital assets	\$ 128,241,714	\$ 140,815,194	\$ 171,776,884	\$ 185,157,637	\$ 192,939,010	\$ 200,625,551	\$ 208,942,336	\$ 220,380,226	\$ 233,610,613	\$ 266,635,094
Restricted	15,763,123	25,628,015	30,461,662	14,429,083	5,925,759	7,925,846	12,018,057	18,019,824	13,051,460	12,758,356
Unrestricted	80,704,791	63,682,859	40,288,755	50,764,605	61,728,792	58,993,274	52,014,749	49,425,877	57,077,412	53,207,221
Total primary government net position	<u>\$ 224,709,628</u>	<u>\$ 230,126,068</u>	<u>\$ 242,527,301</u>	<u>\$ 250,351,325</u>	<u>\$ 260,593,561</u>	<u>\$ 267,544,671</u>	<u>\$ 272,975,142</u>	<u>\$ 287,825,927</u>	<u>\$ 303,739,485</u>	<u>\$ 332,600,671</u>

Notes:  
(1) Restated

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

	Fiscal Year									
	2008	2009	2010	2011	2012 (4)	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 13,410,484	\$ 15,340,741	\$ 15,424,562	\$ 13,876,694	\$ 16,418,511	\$ 15,410,428	\$ 17,971,342	\$ 19,233,343	\$ 19,676,565	\$ 21,909,746
Public safety	4,150,644	4,243,055	4,410,647	4,523,175	4,749,019	5,005,854	5,023,548	5,270,197	5,705,960	6,254,164
Public works	9,355,418	8,464,545	8,186,146	7,539,516	7,120,275	7,225,061	7,053,923	6,967,243	7,088,647	7,263,125
Library and recreation	3,181,083	3,234,338	3,252,784	3,146,783	3,707,452	4,194,025	4,408,912	4,618,338	5,671,823	5,843,178
Interest on long-term debt	1,615,426	1,767,188	2,213,998	2,039,807	1,812,222	1,588,388	1,552,101	1,285,952	1,456,433	1,366,939
Total governmental activities expenses	<u>31,713,055</u>	<u>33,049,867</u>	<u>33,488,137</u>	<u>31,125,975</u>	<u>33,807,479</u>	<u>33,423,756</u>	<u>36,009,826</u>	<u>37,375,073</u>	<u>39,599,428</u>	<u>42,637,152</u>
Business-type activities:										
Water	5,953,499	7,895,070	9,220,606	9,168,368	9,828,676	10,980,949	11,678,822	11,870,125	12,934,161	13,086,302
Stormwater	-	-	-	-	-	-	-	-	-	1,162,202 (11)
Transportation and parking	7,244,088	7,167,411	9,406,997	8,433,607	9,243,798	9,608,636	10,378,982	10,804,211	11,801,545	13,848,109
Golf course	1,236,033	1,280,080	1,182,865	1,291,645	1,394,404	1,415,478	1,441,498	1,512,330	1,541,601	1,546,036
Total business-type activities expenses	<u>14,433,620</u>	<u>16,342,561</u>	<u>19,810,468</u>	<u>18,893,620</u>	<u>20,466,878</u>	<u>22,005,063</u>	<u>23,499,302</u>	<u>24,186,666</u>	<u>26,277,307</u>	<u>29,642,649</u>
Total primary government expenses	<u>\$ 46,146,675</u>	<u>\$ 49,392,428</u>	<u>\$ 53,298,605</u>	<u>\$ 50,019,595</u>	<u>\$ 54,274,357</u>	<u>\$ 55,428,819</u>	<u>\$ 59,509,128</u>	<u>\$ 61,561,739</u>	<u>\$ 65,876,735</u>	<u>\$ 72,279,801</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 5,807,731	\$ 3,120,334	\$ 1,535,425	\$ 1,959,149	\$ 2,072,172	\$ 2,388,214	\$ 3,907,142	\$ 4,718,626	\$ 3,734,852	\$ 3,668,799
Public safety	1,350	1,695	2,550	2,700	6,593	12,313	100	-	3,996	9,685
Public works	209,828	249,405	201,643	219,843	222,708	246,390	190,022	224,820	200,761	174,917
Library and recreation	1,147,238	1,236,024	1,107,536	836,328	1,142,700	1,287,791	1,309,934	1,210,362	1,295,132	1,253,491
Operating grants and contributions	158,494	111,044	88,142	126,759	151,111	350,352	165,147	121,866	145,704	187,166
Capital grants and contributions	1,951,362	3,163,329	8,827,676	649,032	1,476,472	1,073,924	1,879,881	2,479,239	324,650	2,652,254
Total governmental activities program revenues	<u>9,276,003</u>	<u>7,881,831</u>	<u>11,762,972</u>	<u>3,793,811</u>	<u>5,071,756</u>	<u>5,358,984</u>	<u>7,452,226</u>	<u>8,754,913</u>	<u>5,705,095</u>	<u>7,946,312</u>
Business-type activities:										
Charges for services										
Water	5,814,397	7,233,359	7,370,380	8,416,666	9,915,490	12,242,653	13,171,473	14,176,728	15,205,729	17,237,175
Stormwater	-	-	-	-	-	-	-	-	-	979,419 (11)
Transportation and parking	3,280,270	3,421,979	3,842,616	3,495,838	3,487,939	3,977,883	3,895,008	4,255,752	4,497,989	5,227,316
Golf course	955,473	994,049	843,621	878,237	1,033,286	1,102,133	1,056,248	1,105,882	1,139,839	1,153,794
Operating grants and contributions	54,774	1,186,122	3,219,683	-	3,681,732	-	1,649,174	1,602,990	-	2,813,864
Capital grants and contributions	4,097,331	4,095,971	4,449,296	6,367,580	4,856,335	2,373,881	3,353,572	4,186,198	1,956,426	14,612,633
Total business-type activities program revenues	<u>14,202,245</u>	<u>16,931,480</u>	<u>19,725,596</u>	<u>19,158,321</u>	<u>22,974,782</u>	<u>19,696,550</u>	<u>23,125,475</u>	<u>25,327,550</u>	<u>22,799,983</u>	<u>42,024,201</u>
Total primary government program revenues	<u>\$ 23,478,248</u>	<u>\$ 24,813,311</u>	<u>\$ 31,488,568</u>	<u>\$ 22,952,132</u>	<u>\$ 28,046,538</u>	<u>\$ 25,055,534</u>	<u>\$ 30,577,701</u>	<u>\$ 34,082,463</u>	<u>\$ 28,505,078</u>	<u>\$ 49,970,513</u>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (22,437,052)	\$ (25,168,036)	\$ (21,725,165)	\$ (27,332,164)	\$ (28,735,723)	\$ (28,064,772)	\$ (28,557,600)	\$ (28,620,160)	\$ (33,894,333)	\$ (34,690,840)
Business-type activities	(231,375)	588,919	(84,872)	264,701	2,507,904	(2,308,513)	(373,827)	1,140,884	(3,477,324)	12,381,552
Total primary government net expense	<u>\$ (22,668,427)</u>	<u>\$ (24,579,117)</u>	<u>\$ (21,810,037)</u>	<u>\$ (27,067,463)</u>	<u>\$ (26,227,819)</u>	<u>\$ (30,373,285)</u>	<u>\$ (28,931,427)</u>	<u>\$ (27,479,276)</u>	<u>\$ (37,371,657)</u>	<u>\$ (22,309,288)</u>

**General Revenues and Other Changes in Net Position**

Governmental activities:

Taxes											
Property tax, levied for general purposes	\$ 11,051,669	\$ 11,003,476	\$ 11,921,879	\$ 12,442,798	\$ 13,797,851	\$ 13,587,385	\$ 12,772,297	\$ 12,809,892	\$ 14,755,299	\$	\$ 14,350,265
Property tax, levied for debt service	2,211,909	2,211,909	4,009,000	4,570,315	4,580,904	4,577,873	5,082,714	5,321,592	3,723,453		4,220,158
General sales and use tax	4,047,348	3,881,142	3,990,274	3,966,554	4,125,435	4,187,472	4,347,534	4,731,904	5,180,094		5,620,687
Franchise tax	2,748,571	2,720,272	2,774,319	2,906,982	2,816,070	3,037,407	3,158,716	3,061,207	3,185,820		3,194,392
Resort tax	5,157,557	4,709,483	4,483,804	5,022,250	5,443,231	5,983,636	9,151,788	10,066,040	11,154,870		12,253,267
Investment earnings	3,669,971	1,646,364	753,587	399,928	283,191	258,657	348,090	261,735	434,588		582,208
Miscellaneous	793,279	874,055	1,124,367	1,022,968	944,093	1,203,599	1,594,150	804,286	492,730		4,856,960
Gain/Loss on sale of capital assets	761,706	(46,785)	-	215,705	-	-	-	-	1,328,784		(7,534,613)
Transfers	-	-	(1,132,821)	(168,969)	-	-	-	715,000	715,000		-
Total governmental activities	<u>30,442,010</u>	<u>26,999,916</u>	<u>27,924,409</u>	<u>30,378,531</u>	<u>31,990,775</u>	<u>32,836,029</u>	<u>36,455,289</u>	<u>37,771,656</u>	<u>40,970,638</u>		<u>37,543,324</u>
Business-type activities:											
General sales and use tax	3,550,538	2,436,838	3,127,767	3,503,440	3,798,125	3,868,264	4,019,133	4,398,879	4,877,098		5,233,194
Investments earnings	892,754	543,562	339,629	438,221	247,058	196,237	358,535	367,709	327,289		402,924
Miscellaneous	328,045	287,241	362,277	402,326	434,097	423,865	497,745	506,817	458,603		456,419
Transfers	-	-	1,132,821	168,969	-	-	-	(715,000)	(715,000)		7,534,613
Total business-type activities	<u>4,771,337</u>	<u>3,267,641</u>	<u>4,962,494</u>	<u>4,512,956</u>	<u>4,479,280</u>	<u>4,488,366</u>	<u>4,875,413</u>	<u>4,558,405</u>	<u>4,947,990</u>		<u>13,627,150</u>
Total primary government	<u>\$ 35,213,347</u>	<u>\$ 30,267,557</u>	<u>\$ 32,886,903</u>	<u>\$ 34,891,487</u>	<u>\$ 36,470,055</u>	<u>\$ 37,324,395</u>	<u>\$ 41,330,702</u>	<u>\$ 42,330,061</u>	<u>\$ 45,918,628</u>		<u>\$ 51,170,474</u>

**Change in Net Position**

Governmental activities	\$ 8,004,958	\$ 1,831,880	(1) \$ 6,199,244	(2) \$ 3,046,367	(3) \$ 3,255,052	\$ 4,771,257	\$ 7,897,689	(5) \$ 9,151,496	\$ 7,076,305	(8) \$	\$ 2,852,484	(12)
Adjustment to governmental activities net position	-	-	-	-	-	-	(5,271,783)	(6)	7,366,587	(10)	-	
Business-type activities	4,539,962	3,856,560	4,877,622	4,777,657	6,987,184	2,179,853	4,501,586	5,699,289	1,470,666	(9)	26,008,702	(13)
Adjustment to business-type activities net position	-	-	-	-	-	-	(1,697,021)	(6)	-		-	
Total primary government	<u>\$ 12,544,920</u>	<u>\$ 5,688,440</u>	<u>\$ 11,076,866</u>	<u>\$ 7,824,024</u>	<u>\$ 10,242,236</u>	<u>\$ 6,951,110</u>	<u>\$ 5,430,471</u>	<u>\$ 14,850,785</u>	<u>\$ 15,913,558</u>	(7)	<u>\$ 28,861,186</u>	

Notes:

- (1) Decrease in governmental activities net position is due to increases in payroll expenses and the ice facility, which was open two more months in fiscal year 2009 compared to fiscal year 2008
- (2) Increase in governmental activities net position is due to increases in capitalizable grants and contributions.
- (3) Decrease in governmental activities net position is due to decreases in capitalizable grants and contributions.
- (4) Restated.
- (5) Increase in governmental activities net position is due to increases in resort tax collected.
- (6) Fiscal year 2015 - Implemented GASB 68, Accounting and Financial Reporting for Pensions, required restatement of fiscal year 2014
- (7) Increase in total primary government net position is due to restatement of fiscal year 2014 for the implementation of GASB 68.
- (8) Decrease in governmental activities net position is due to increased expenses in general government and decreases in capital grants and contributions.
- (9) Decrease in business-type activities net position is due to increased expenses in water and transportation and decreases in operating and capital grants and contributions.
- (10) Fiscal year 2017 - Capital asset adjustment, required restatement of fiscal year 2016.
- (11) Stormwater fund was added in fiscal year 2017.
- (12) Decrease in governmental activities net position is due to increased capital outlay.
- (13) Increase in business-type activities net position is due to increases in capitalizable grants and contributions.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Unreserved, undesignated	\$ 3,672,132	\$ 3,747,296	\$ 3,894,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	4,209,020	4,011,625	5,515,127	6,670,716	6,836,193	6,779,674	7,497,277
Restricted - Drug and tobacco enforcement	-	-	-	31,258	36,517	47,776	46,402	47,201	48,640	59,674
Total general fund	<u>\$ 3,672,132</u>	<u>\$ 3,747,296</u>	<u>\$ 3,894,972</u>	<u>\$ 4,240,278</u>	<u>\$ 4,048,142</u>	<u>\$ 5,562,903</u>	<u>\$ 6,717,118</u>	<u>\$ 6,883,394</u>	<u>\$ 6,828,314</u>	<u>\$ 7,556,951</u>
All other governmental funds										
Reserved										
Major capital projects funds-capital projects	\$ 1,506,103	\$ 11,384,726	\$ 6,608,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Major debt service funds-capital projects	4,022,666	4,104,881	1,115,930	-	-	-	-	-	-	-
Major debt service	222,246	204,089	3,880	-	-	-	-	-	-	-
Nonmajor debt service funds-capital projects	-	-	-	-	-	-	-	-	-	-
Nonmajor debt service funds-debt service	1,130,608	679,731	680,861	-	-	-	-	-	-	-
Unreserved, designated										
Major capital projects funds	46,763,396 (1)	40,220,685 (1)	26,618,929 (1)	-	-	-	-	-	-	-
Nonmajor capital projects funds	3,140,465	1,798,846	1,948,358	-	-	-	-	-	-	-
Major debt service funds	652,121	647,183	1,084,351	-	-	-	-	-	-	-
Nonmajor debt service funds	187,889	198,251	203,868	-	-	-	-	-	-	-
Unreserved, undesignated										
Major capital projects funds	8,950,857	5,250,664	6,496,859	-	-	-	-	-	-	-
Major debt service funds	(2,501,669)	(2,384,282)	-	-	-	-	-	-	-	-
Nonmajor capital projects funds	76,071	570,697	1,215,873	-	-	-	-	-	-	-
Nonmajor debt service funds	1,094,765	-	-	-	-	-	-	-	-	-
Restricted for:										
Capital projects	-	-	-	4,490,602 (2)	1,261,260	708,350	6,866,835	12,779,745	7,872,086	7,545,300
Debt service	-	-	-	1,489	2,410	817	952	88,037	2,496	3,816
Assigned:										
Capital projects funds	-	-	-	34,536,547	-	-	-	-	-	-
Debt service funds	-	-	-	1,537,118	-	-	-	-	-	-
Committed:										
Capital projects funds	-	-	-	-	31,635,190	31,470,751	32,340,968	29,882,740	34,849,188	28,665,290
Debt service funds	-	-	-	-	1,713,903	1,480,633	1,557,901	2,236,514	1,816,767	1,778,077
Special revenue funds	-	-	-	-	-	-	-	-	516,758	785,600
Total all other governmental funds	<u>\$ 65,245,518</u>	<u>\$ 62,675,471</u>	<u>\$ 45,977,892</u>	<u>\$ 40,565,756</u>	<u>\$ 34,612,763</u>	<u>\$ 33,660,551</u>	<u>\$ 40,766,656</u>	<u>\$ 44,987,036</u>	<u>\$ 45,057,295</u>	<u>\$ 38,778,083</u>

Notes:

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

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes and special assessments	\$ 25,235,186	\$ 24,523,906	\$ 27,038,657	\$ 28,939,586	\$ 30,705,261	\$ 31,399,695	\$ 34,486,284	\$ 33,269,379	\$ 35,194,462	\$ 36,830,205
Licenses and permits	3,286,754	1,702,201	808,055	1,067,438	1,166,721	1,446,142	2,611,576	3,025,886	2,462,374	2,464,561
Intergovernmental	1,310,951	601,868	690,912	775,791	627,433	1,404,276	1,818,822	5,346,423	3,288,064	4,044,959
Charges for services	1,640,952	1,785,328	1,705,148	1,526,455	1,910,119	2,017,593	2,194,197	2,071,230	2,119,339	2,115,794
Fines and forfeitures	44,855	43,825	40,562	28,833	29,404	35,342	21,648	14,206	26,902	42,834
Investment income	3,669,971	1,646,364	753,587	399,928	283,191	258,657	348,090	261,735	434,588	582,208
Impact fees	1,310,955	844,074	109,553	191,521	133,421	201,235	397,737	817,666	425,365	308,786
Rental and other miscellaneous	3,273,529	2,017,353	2,843,770	2,104,193	2,366,777	1,476,317	1,912,540	2,873,179	1,546,004	5,041,320
Total revenues	<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>	<u>43,790,894</u>	<u>47,679,704</u>	<u>45,497,098</u>	<u>51,430,667</u>
<b>Expenditures</b>										
General government	9,341,117	9,290,488	9,926,208	10,717,351	11,260,367	11,381,542	12,086,576	13,653,938	14,604,316	15,005,872
Public safety	3,986,114	3,929,574	4,118,458	4,266,143	4,498,776	4,687,516	4,684,672	4,953,544	5,349,433	5,970,451
Public works	5,426,957	4,464,352	4,366,909	4,422,633	4,718,003	4,835,958	4,643,828	4,718,959	4,878,647	5,194,880
Library and recreation	2,565,820	2,581,640	2,608,012	2,534,737	2,839,500	3,164,535	3,361,464	3,495,302	3,824,435	4,080,211
Debt Service										
Principal retirement	3,847,159	5,171,070	5,955,275	5,349,796	5,424,637	4,664,880	5,220,496	18,086,533	5,118,024	4,850,000
Interest	1,629,489	1,674,501	2,065,562	2,066,631	1,835,199	1,661,003	1,616,778	1,528,829	1,788,808	1,615,725
Bond issuance costs	43,417	261,213	137,262	51,663	-	-	123,931	503,979	-	155,239
Arbitrage rebate	-	-	31,874	-	-	-	-	-	-	-
Capital outlay	14,402,328	35,150,900	33,827,783	12,847,882	17,073,402	8,517,860	13,923,767	26,614,261	11,953,996	51,844,299
Economic development	-	-	-	-	-	-	-	405,435	951,268	864,697
Total expenditures	<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>	<u>45,661,512</u>	<u>73,960,780</u>	<u>48,468,927</u>	<u>89,581,374</u>
Revenues (under) expenditures	(1,469,248)	(29,358,819)	(29,047,099)	(7,223,091)	(10,427,557)	(674,037)	(1,870,618)	(26,281,076)	(2,971,829)	(38,150,707)
<b>Other financing sources (uses)</b>										
Debt issuance	779,793	24,477,505	6,092,683	-	-	-	7,170,000	16,975,000	-	25,000,000
Refunding bonds issued	-	1,695,000	2,025,000	1,525,000	-	-	1,930,000	10,110,000	-	-
Payment to refunded bondholders	-	(1,695,000)	-	(2,655,000)	-	-	(1,930,000)	-	-	-
Payment to refunded bond escrow agent	-	-	(2,055,334)	-	-	-	-	-	-	-
Premium on debt issuance	-	270,712	89,739	-	-	-	92,774	773,546	-	2,863,698
Premium on refunding bonds	-	-	59,922	33,592	-	-	-	50,769	673,841	-
Payment received on note	-	-	-	-	-	-	1,375,000	-	-	-
Discount on debt issuance	-	(25,209)	-	-	-	-	-	-	-	-
Sale of capital assets	1,606,153	16,515	4,155,231	1,124,436	2,290,798	17,586	146,554	23,811	755,648	2,363,887
Transfers in	11,673,653	30,892,855	12,836,826	6,595,012	6,424,043	4,731,710	10,978,139	19,728,745	11,965,394	36,237,414
Transfers out	(11,123,351)	(28,768,442)	(10,706,871)	(4,466,779)	(4,432,413)	(3,512,710)	(9,682,298)	(17,617,211)	(9,734,034)	(33,864,867)
Total other financing sources	<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>	<u>10,130,938</u>	<u>30,667,732</u>	<u>2,987,008</u>	<u>32,600,132</u>
Net change in fund balances	<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>	<u>\$ 8,260,320</u>	<u>\$ 4,386,656</u>	<u>\$ 15,179</u>	<u>\$ (5,550,575)</u>
Debt Service as a percentage of noncapital expenditures	18%	21%	24%	23%	21%	19%	19%	40%	17%	20%

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales and Use Tax</b>	<b>Franchise Tax</b>	<b>Resort Tax</b>	<b>Total</b>
2008	\$ 9,353,405	\$ 4,047,348	\$ 2,748,571	\$ 5,157,557	\$ 21,306,881
2009	9,148,584	3,881,142	2,720,272	4,709,483	20,459,481
2010	11,750,185	3,990,274	2,774,319	4,483,804	22,998,582
2011	13,217,398	3,966,554	2,906,982	3,022,250	23,113,184
2012	14,545,369	4,125,435	2,816,070	3,643,231	25,130,105
2013	14,601,807	4,187,472	3,037,407	3,461,728	25,288,414
2014	14,361,738	4,347,534	3,158,716	2,966,879	24,834,867
2015	14,590,197	4,731,904	3,061,207	2,676,858	25,060,166
2016	14,832,024	5,180,094	3,185,820	2,257,164	25,455,102
<b>2017</b>	<b>14,953,711</b>	<b>5,620,687</b>	<b>3,194,392</b>	<b>4,242,815</b>	<b>28,011,605</b>
Change:					
2008-2017	59.9%	38.9%	16.2%	-17.7%	31.5%

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

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

<u>Calendar Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Miscellaneous Property</u>	<u>Total Assessed Value</u>	<u>Total Estimated Actual Value of Taxable Property</u>	<u>Total Direct Tax Rate</u>
2007	\$ 6,595,402	\$ 488,894	\$ 372,113	\$ 7,456,409	\$ 8,472,956	0.001674 %
2008	7,875,426	516,851	401,060	8,793,337	9,962,881	0.001779
2009	6,026,603	543,548	351,478	6,921,629	8,028,606	0.002148
2010	5,501,360	552,927	344,217	6,398,504	7,261,898	0.002130
2011	5,858,428	781,086	457,203	7,096,717	7,941,327	0.002236
2012	5,821,784	770,866	417,491	7,010,141	7,826,836	0.002197
2013	5,937,313	678,855	401,319	7,017,488	7,835,845	0.002131
2014	6,274,164	679,149	389,160	7,342,473	8,215,313	0.002067
2015	6,740,782	689,374	390,248	7,820,404	8,748,413	0.001972
<b>2016</b>	<b>7,112,582</b>	<b>739,074</b>	<b>376,177</b>	<b>8,227,833</b>	<b>9,195,067</b>	<b>0.001884</b>

Source: Utah State Tax Commission, Property Tax Division

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

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

<u>Calendar Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Miscellaneous Property</u>	<u>Fee-In-Lieu Value</u>	<u>Total Assessed Value</u>
2007	\$ 6,595,402	\$ 488,894	\$ 372,113	\$ 14,397	\$ 7,470,806
2008	7,875,426	516,851	401,060	13,943	8,807,280
2009	6,026,603	543,548	351,478	11,815	6,933,444
2010	5,501,360	552,927	344,217	13,509	6,412,013
2011	5,858,428	781,086	457,203	12,755	(1) 7,109,472
2012	5,821,784	770,866	417,491	13,179	7,023,320
2013	5,937,313	678,855	401,319	13,820	7,031,308
2014	6,274,164	679,149	389,160	14,560	7,357,033
2015	6,740,782	689,374	390,248	14,252	7,834,656
<b>2016</b>	<b>7,112,582</b>	<b>739,074</b>	<b>376,177</b>	<b>14,809</b>	<b>8,242,642</b>

Source: Utah State Tax Commission, Property Tax Division

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

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

	Calendar Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Apparel stores	\$ 27,266	\$ 23,627	\$ 19,710	\$ 21,833	\$ 25,919	\$ 24,069	\$ 22,927	\$ 25,777	\$ 35,245	\$ 34,510
Food stores	50,148	66,801	60,784	60,269	64,592	67,066	56,238	57,809	60,862	64,630
Sporting goods, hobby, book and music	-	33,633 (1)	29,779	35,891	40,163	38,638	40,609	40,524	43,363	45,380
Home furnishings and appliances	15,073	13,717	12,363	21,785	21,745	20,849	12,394	12,730	12,735	14,806
Building materials and farm tools	25,252	7,008	4,871	2,735	2,704	2,819	3,654	3,652	5,695	6,199
Miscellaneous retail stores	73,907	28,323	23,798	26,427	26,894	27,985	25,884	29,162	30,691	31,403
All other outlets	<u>1,628</u>	<u>11,156</u>	<u>6,953</u>	<u>3,698</u>	<u>3,484</u>	<u>3,674</u>	<u>4,452</u>	<u>4,329</u>	<u>4,283</u>	<u>5,240</u>
<b>Total</b>	<b>\$ <u>193,274</u></b>	<b>\$ <u>184,265</u></b>	<b>\$ <u>158,258</u></b>	<b>\$ <u>172,638</u></b>	<b>\$ <u>185,501</u></b>	<b>\$ <u>185,100</u></b>	<b>\$ <u>166,158</u></b>	<b>\$ <u>173,983</u></b>	<b>\$ <u>192,874</u></b>	<b>\$ <u>202,168</u></b>
City direct sales tax rate	2.25 %	2.40 %	2.40 %	2.40 %	2.40 %	2.40 %	2.90 %	2.90 %	2.90 %	2.90 %

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

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

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

Calendar Year	City Direct Rates			Overlapping Rates						Total Levy for Park City Residents
	Basic Rate	General Obligation Debt Service	Total Direct	Summit County Levy	State Assessment/Collecting	Weber Basin Water	Park City Fire	Park City School	Summit Co. Mosquito Abatement	
2007	0.001288	0.000386	0.001674	0.000846	0.000213	0.000200	0.000811	0.004302	0.000038	0.008084
2008	0.001125	0.000654	0.001779	0.000753	0.000182	0.000181	0.000846	0.003895	0.000034	0.007670
2009	0.001327	0.000821	0.002148	0.000746	0.000202	0.000188	0.000849	0.004018	0.000034	0.008185
2010	0.001389	0.000741	0.002130	0.000895	0.000228	0.000207	0.001070	0.004360	0.000040	0.008930
2011	0.001383	0.000853	0.002236	0.000924	0.000241	0.000217	0.001161	0.004405	0.000040	0.009224
2012	0.001431	0.000766	0.002197	0.000943	0.000239	0.000215	0.000987	0.004924	0.000041	0.009546
2013	0.001385	0.000746	0.002131	0.000909	0.000226	0.000210	0.000950	0.004630	0.000040	0.009096
2014	0.001248	0.000819	0.002067	0.000826	0.000222	0.000199	0.000907	0.004770	0.000038	0.009029
2015	0.001362	0.000610	0.001972	0.000767	0.000205	0.000199	0.000841	0.004461	0.000035	0.008480
<b>2016</b>	<b>0.001304</b>	<b>0.000580</b>	<b>0.001884</b>	<b>0.000726</b>	<b>0.000191</b>	<b>0.000187</b>	<b>0.000793</b>	<b>0.004220</b>	<b>0.000033</b>	<b>0.008034</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>
2008	2.40 %	0.35 %	4.65 %	7.40 %
2009	2.40	0.35	4.70	7.45
2010	2.40	0.35	4.70	7.45
2011	2.40	0.35	4.70	7.45
2012	2.40	0.35	4.70	7.45
2013	2.90 (1)	0.35	4.70	7.95
2014	2.90	0.35	4.70	7.95
2015	2.90	0.35	4.70	7.95
2016	2.90	0.35	4.70	7.95
<b>2017</b>	<b>3.15 (2)</b>	<b>0.60 (3)</b>	<b>4.70</b>	<b>8.45</b>

Source: Utah State Tax Commission

Notes:

- (1) Includes 0.50 percent Additional Resort Communities Sales and Use Tax implemented in calendar year 2013.
- (2) Includes 0.25 percent Additional Mass Transit Tax implemented in calendar year 2017.
- (3) Includes 0.25 percent County Option Transportation Tax implemented in calendar year 2017.

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

Taxpayer	2017			2008		
	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)	\$ 214,563,300	1	2.33 %	\$ 28,000,000	3	0.74 %
Marriott Ownership Resorts	114,553,150	2	1.25	114,504,078	1	3.04
AG-WIP 333 Main Street Owner LLC	33,410,750	3	0.36	-	-	-
Deer Valley Resort	31,078,036	4	0.34	43,108,727	2	1.15
Redus Park City LLC	30,342,820	5	0.33	-	-	-
VR CPC Holdings Inc. (Vail Resorts)	29,865,331	6	0.32	-	-	-
Chateaux at Silver Lake	21,521,376	7	0.23	-	-	-
Silver Lake Development Corp.	19,540,360	8	0.21	-	-	-
SR Silver Lake LLC	19,450,000	9	0.21	-	-	-
Chateaux at Silver Lake Condos	16,275,000	10	0.18	-	-	-
Spring Canyon Associates	-	-	-	18,905,068	4	0.50
Sunshine Sidewinder LLC	-	-	-	13,206,018	5	0.35
Prospector Plaza	-	-	-	12,385,989	6	0.33
Yarrow Hotel	-	-	-	11,069,797	7	0.29
Snow Creek Center LLC	-	-	-	8,457,601	8	0.22
PacifiCorp	-	-	-	7,482,828	9	0.20
Park Meadows Club Inc.	-	-	-	6,219,961	10	0.17
Totals	\$ <u>530,600,123</u>		<u>5.77</u> %	\$ <u>263,340,067</u>		<u>6.99</u> %

Source: Summit County Treasurer and Park City Finance Department

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

<b>Tax Year End 12/31</b>	<b>Original Levy (1)</b>	<b>Adjusted Levy</b>	<b>Collected Within the Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>		
			<b>Amount (2)</b>	<b>Percent of Adjusted Levy</b>		<b>Amount (2)</b>	<b>Percent of Net Levy</b>	
<b><u>Summit County</u></b>								
2007	\$ 9,666,856	\$ 9,648,962	\$ 8,946,941	92.72 %	\$ 702,021	\$ 9,639,419	99.90 %	
2008	9,714,765	9,682,178	8,972,113	92.67	710,065	9,674,827	99.92	
2009	12,401,579	12,194,585	11,379,638	93.32	814,947	12,182,628	99.90	
2010	12,984,657	12,918,445	12,060,672	93.36	857,773	12,899,839	99.86	
2011	12,750,981	14,170,463	13,579,302	95.83	591,161	14,147,531	99.84	
2012	14,655,626	14,650,150	13,275,742	90.62	1,368,069 (3)	14,643,811	99.96	
2013	14,236,860	14,370,289	13,637,854	94.90	720,856	14,358,710	99.92	
2014	14,445,661	14,596,864	13,714,698	93.96	857,727	14,572,425	99.83	
2015	14,747,175	14,862,896	14,731,910	99.12	83,188	14,815,098	99.68	
<b>2016</b>	<b>14,856,934</b>	<b>14,972,815</b>	<b>14,908,200</b>	<b>99.57</b>	<b>-</b>	<b>14,908,200</b>	<b>99.57</b>	
<b><u>Wasatch County</u></b>								
2007	\$ 173,621	\$ 166,911	\$ 166,911	100.00 %	-	166,911	100.00 %	
2008	193,390	157,195	157,195	100.00	-	157,195	100.00	
2009	346,442	287,560	287,560	100.00	-	287,560	100.00	
2010	723,334	711,980	711,980	100.00	-	711,980	100.00	
2011	568,568	521,424	521,424	100.00	-	521,424	100.00	
2012	586,238	583,467	583,467	100.00	-	583,467	100.00	
2013	608,641	605,996	605,996	100.00	-	605,996	100.00	
2014	611,098	611,098	611,098	100.00	-	611,098	100.00	
2015	588,597	580,842	580,842	100.00	-	580,842	100.00	
<b>2016</b>	<b>582,082</b>	<b>581,989</b>	<b>570,597</b>	<b>98.04</b>	<b>-</b>	<b>570,783</b>	<b>98.07</b>	

Source: Summit and Wasatch County Annual Financial Reports.

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

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

Calendar Year Ended December 31,	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 9,815,873	\$ 9,113,852	92.85 %	\$ 702,021	\$ 9,806,330	99.90 %
2008	9,839,373	9,129,308	92.78	710,065	9,832,022	99.93
2009	12,482,145	11,667,198	93.47	814,947	12,470,188	99.90
2010	13,630,425	12,772,652	93.71	857,773	13,611,819	99.86
2011	14,691,887	14,100,726	95.98	591,161	14,668,955	99.84
2012	15,233,617	13,859,209	90.98	1,368,069 (2)	15,227,278	99.96
2013	14,976,285	14,243,850	95.11	720,856	14,964,706	99.92
2014	15,207,962	14,325,796	94.20	857,727	15,183,523	99.84
2015	15,443,738	15,312,752	99.15	83,188	15,395,940	99.69
<b>2016</b>	<b>15,554,804</b>	<b>15,478,797</b>	<b>99.51</b>	<b>-</b>	<b>15,478,983</b>	<b>99.51</b>

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

Notes:

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

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

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Redevelopment Bonds	Sales Tax Increment Bonds (1)	Municipal Building Authority	Contracts Payable	Water Bonds (1)				
2008	\$ 15,720,000	\$ 3,525,000	\$ 15,065,000	\$ 779,793	\$ 585,730	\$ 10,162,000	\$ 45,837,523	2.38 %	\$ 5,708	
2009	36,015,000 (3)	3,100,000	13,235,000	2,102,298	529,660	9,443,000	64,424,955	2.97	8,073	
2010	39,375,000 (5)	2,655,000	11,835,000	844,981	469,385	41,236,000 (4)	96,415,366	4.17	11,869	
2011	36,135,000	-	11,915,000 (6)	244,981	404,589	39,677,000	88,376,570	3.87	11,635	
2012	33,168,627	-	10,167,292	-	334,933	44,367,488 (7)	88,038,340	3.52	11,665	
2013	29,701,426	-	8,994,028	-	2,760,053	46,853,772 (8)	88,309,279	3.17	11,466	
2014	33,018,370 (9)	-	7,785,764	-	2,679,557	48,237,837 (10)	91,721,528	3.20	11,650	
2015	29,298,159 (11)	-	24,334,866 (12)	-	93,024	45,184,477	98,910,526	3.21	12,275	
2016	26,009,111	-	22,393,581	-	-	42,041,117	90,443,809	4.19	11,127	
<b>2017</b>	<b>50,485,922 (13)</b>	<b>-</b>	<b>20,715,393</b>	<b>-</b>	<b>-</b>	<b>38,797,758</b>	<b>109,999,073</b>	<b>3.74</b>	<b>13,254</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 GO Bonds Series 2008 for \$10 million and Series 2009 for \$13.5 million in fiscal year 2009.

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

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

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

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

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

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

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

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

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

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

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

<b>Fiscal Year</b>	<b>General Bonded Debt</b>			<b>Total</b>	<b>Percentage of Actual Property Value (2)</b>	<b>Per Capita (3)</b>
	<b>General Obligation Bonds (1)</b>	<b>Redevelopment Bonds</b>				
2008	\$ 15,720,000	\$ 3,525,000	\$	19,245,000	0.23 %	\$ 2,397
2009	36,015,000	3,100,000		39,115,000	0.39	4,902
2010	39,375,000	2,655,000		42,030,000	0.52	5,174
2011	36,135,000	-		36,135,000	0.50	4,757
2012	33,168,627	-		33,168,627	0.42	4,395
2013	29,701,426	-		29,701,426	0.38	3,856
2014	33,018,370	-		33,018,370	0.42	4,194
2015	29,298,159	-		29,298,159	0.36	3,636
2016	26,009,111	-		26,009,111	0.30	3,200
<b>2017</b>	<b>50,485,922</b>	<b>-</b>		<b>50,485,922</b>	<b>0.55</b>	<b>6,083</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) See Schedule 20 for population and personal income data.

**Schedule 16**  
**Park City Municipal Corporation, Utah**  
**Direct and Overlapping Governmental Activities Debt (2)**  
**As of June 30, 2017**

<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>			
Snyderville Basin Recreation District Tax District	\$ 26,075,000	11.47 %	\$ 2,990,803
Wasatch County	1,955,000	3.96	77,418
Wasatch County School District	113,464,145	3.96	4,493,180
Weber Basin Water Conservancy District	18,618,938	14.63	2,723,951
<b>Other debt</b>			
Summit County	10,718,000	44.50	4,769,510
Wasatch County	8,055,000	3.96	318,978
Subtotal, overlapping debt			15,373,839
City direct debt			<u>71,201,315</u>
Total direct and overlapping			<u>\$ 86,575,154</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Utah State Tax Commission. Debt outstanding data provided by each governmental unit.

Notes:

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

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

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 220,910,526	\$ 271,346,097	\$ 242,939,444	\$ 273,828,091	\$ 266,103,174	\$ 269,015,017	\$ 280,699,514	\$ 293,698,934	\$ 312,816,159	\$ 329,113,324
Total net debt applicable to limit	<u>15,720,000</u>	<u>36,015,000</u>	<u>39,375,000</u>	<u>36,135,000</u>	<u>33,168,627</u>	<u>29,701,426</u>	<u>33,018,370</u>	<u>29,298,159</u>	<u>26,009,111</u>	<u>50,485,922</u>
Legal debt margin	<u>\$ 205,190,526</u>	<u>\$ 235,331,097</u>	<u>\$ 203,564,444</u>	<u>\$ 237,693,091</u>	<u>\$ 232,934,547</u>	<u>\$ 239,313,591</u>	<u>\$ 247,681,144</u>	<u>\$ 264,400,775</u>	<u>\$ 286,807,048</u>	<u>\$ 278,627,402</u>
Total net debt applicable to the limit as a percentage of debt limit	7.12%	13.27%	16.21%	13.20%	12.46%	11.04%	11.76%	9.98%	8.31%	15.34%

**Legal Debt Margin Calculation for Fiscal Year 2017**

Total assessed value	<u>\$ 8,227,833,098</u>
Debt limit - 4.0% of total assessed value	<u>\$ 329,113,324</u>
Amount of debt applicable to debt limits:	
General Obligation Bonds 2008, 2009, 2010A, 2010B, 2013A, 2013B, 2014, and 2017	50,485,922
Less: Amount available for repayment of general obligation bonds	-
Total net debt applicable to limit	<u>50,485,922</u>
Legal debt margin	<u>\$ 278,627,402</u>

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

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

<u>Fiscal Year</u>	<u>Sales Tax Increment Bonds</u>				<u>Coverage</u>
	<u>Sales Tax Increment</u>	<u>Debt Service</u>			
		<u>Principal</u>	<u>Interest</u>		
2008	\$ 9,204,905	\$ 1,935,000	\$ 667,162	3.5	
2009	8,590,625	1,830,000	597,787	3.5	
2010	8,474,078	1,400,000	528,962	4.4	
2011	6,988,804	1,445,000	501,680	3.6	
2012	7,768,666	1,785,000	465,813	3.5	
2013	7,649,200	1,165,000	401,587	4.9	
2014	7,314,413	1,200,000	359,863	4.7	
2015	7,408,762	8,350,000	383,012	0.8	
2016	7,437,258	1,810,000	782,290	2.9	
<b>2017</b>	<b>9,863,502</b>	<b>1,550,000</b>	<b>705,380</b>	<b>4.4</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.

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, 2017

	Coverage Ratio		
	<u>Actual</u>	<u>Minimum</u>	
Net revenues (change in net position)	\$ 4,972,598		
Add			
Excluded transfer to general fund	1,465,146		
Depreciation and amortization	3,209,718		
Bond interest expense	1,265,164		
<b>Revenues pledged to debt</b>	<b>10,912,626</b>	<b>2.57</b>	<b>1.20</b>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009A Water Bonds-DEQ	\$ 125,000	-	\$ 125,000
2009B Water Revenue and Refunding Bonds	1,640,000	109,864	1,749,864
2009C Water Revenue Bonds	-	515,419	515,419
2010 Water Revenue Bonds	755,000	278,968	1,033,968
2012 Water Revenue Bonds	245,000	80,014	325,014
2012B Water Revenue and Refunding Bonds	-	118,349	118,349
2013 A and B Water Revenue and Refunding Bonds	215,000	45,126	260,126
2014 Water Revenue Bonds	-	117,424	117,424
	<u>\$ 2,980,000</u>	<u>\$ 1,265,164</u>	<u>\$ 4,245,164</u>

Less water development fees and capital contributions collected in fiscal year 2017 (1,091,022)

**Net revenues less development fees and capital contributions** \$ 9,821,604 **2.31** **1.00**

Year	Net Revenue (Loss)	Gross Revenues (Less Development Fees) Available for Debt Service	Total Debt Service	Coverage	Gross Revenue Available for Debt Service	Debt	Coverage
2008	\$ 1,775,543	\$ 3,071,985	\$ 1,101,246	2.79	\$ 4,476,691	\$ 1,101,246	4.07
2009	2,394,583	2,105,634	1,101,423	1.91	4,809,939	1,101,423	4.37
2010	(863,388)	1,544,407	849,263	1.82	2,159,954	849,263	2.54
2011	372,687	3,408,046	3,004,182	1.13	3,856,339	3,004,182	1.28
2012	928,730	4,262,970	3,000,782	1.42	4,765,325	3,000,782	1.59
2013	2,256,909	6,115,611	4,069,154	1.50	6,827,075	4,069,154	1.68
2014	3,644,383	6,603,287	4,124,483	1.60	8,314,345	4,124,483	2.02
2015	5,862,508	7,781,536	4,254,867	1.83	11,530,762	4,254,867	2.71
2016	3,074,564	7,474,148	4,247,871	1.76	8,657,335	4,247,871	2.04
<b>2017</b>	<b>4,972,598</b>	<b>9,821,604</b>	<b>4,245,164</b>	<b>2.31</b>	<b>10,912,626</b>	<b>4,245,164</b>	<b>2.57</b>

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

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

<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>
2008	8,030	\$ 1,927,700	\$ 60,411	33.3	4,443	3.5 %
2009	7,980	2,171,400	60,233	34.6	4,477	6.0
2010	8,123	2,311,000	63,832	35.5	4,563	7.1
2011	7,596	2,281,691	61,719	37.4	4,351	6.6
2012	7,547	2,503,395	68,524	35.7	4,400	6.0
2013	7,702	2,730,934	72,643	37.4	4,421	4.0
2014	7,873	2,944,020	77,468	34.9	4,630	3.1
2015	8,058	3,177,339	82,558	38.8	4,739	3.2
2016	8,128	3,784,040	96,766	38.5	4,763	3.4
<b>2017</b>	<b>8,299</b>	<b>4,110,805</b>	<b>102,053</b>	<b>40.4</b>	<b>4,891</b>	<b>3.1</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	2017 (1)				2008 (2)			
	Yearly Maximum Employees	Yearly Minimum Employees	Rank	Percentage of Total City Employment (3)	Yearly Maximum Employees	Yearly Minimum Employees	Rank	Percentage of Total City Employment (3)
Royal Street of Utah ET AL (Deer Valley Resort)	999	500	1	7.86 %	2073	200	1	13.81 %
Park City School District	749	694	2	5.90	745	447	3	4.96
Stein Eriksen Lodge	635	425	3	5.00	428	324	6	2.85
Park City Municipal Corporation	595	483	4	4.68	452	413	5	3.01
IHC/Park City Surgical Center	499	250	5	3.93	-	-	-	-
Montage Hotels & Resorts, LLC	499	250	6	3.93	-	-	-	-
Park City Mountain Resort	499	250	7	3.93	1250	155	2	8.33
All Seasons Resort Management, Inc.	249	100	8	1.96	238	64	8	1.59
High West Saloon, LLC	249	100	9	1.96	-	-	-	-
Hotel Park City	249	100	10	1.96	-	-	-	-
Premier Resorts of Utah	-	-	-	-	499	250	4	3.32
Park City Marriott (Olympia Park Hotel)	-	-	-	-	280	130	7	1.87
Marriott Resorts	-	-	-	-	219	134	9	1.46
Fresh Market (Albertson's)	-	-	-	-	152	69	10	1.01
<b>Total</b>	<b>4,474</b>	<b>2,802</b>		<b>41.10 %</b>	<b>6,098</b>	<b>2,122</b>		<b>42.21 %</b>

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

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<b><u>Full-time Equivalent Employees</u></b>									
General government										
Executive	4.0	3.5	4.5	4.5	5.1	5.5	5.1	4.0	4.0	<b>4.1</b>
Finance	6.8	6.8	6.8	6.8	6.8	6.8	6.7	6.7	6.7	<b>6.7</b>
Human resources	7.0	7.0	7.0	6.9	6.9	5.3	5.1	5.1	5.1	<b>5.1</b>
Budget, debt and grants	3.3	3.0	2.0	2.0	2.0	1.3	3.0	3.3	3.3	<b>3.3</b>
Planning	6.0	7.0	7.0	6.0	7.0	7.0	8.0	9.0	9.2	<b>9.7</b>
Building	15.8	15.8	15.8	14.8	13.0	13.0	13.0	15.0	16.0	<b>17.3</b>
Engineering	2.5	2.5	3.0	3.0	2.8	2.7	2.8	2.8	4.0	<b>4.3</b>
Legal	7.8	7.8	7.8	7.8	7.8	7.0	7.0	7.0	7.0	<b>7.0</b>
Sustainability	-	-	6.0	(1) 6.0	9.8	9.7	10.9	11.3	11.3	<b>12.3</b>
I.T.	-	-	-	9.8	(2) 9.8	10.8	9.5	9.5	9.5	<b>9.5</b>
Other	22.8	23.3	14.9	5.5	5.0	5.1	5.0	6.0	6.0	<b>6.0</b>
Public safety										
Police	34.8	34.8	35.2	34.9	34.0	33.9	34.6	34.0	34.0	<b>36.5</b>
Communication center	9.0	9.0	10.0	10.0	10.0	10.4	10.4	10.4	10.4	<b>10.4</b>
Other	1.2	1.2	1.4	1.5	1.5	1.5	1.5	1.5	1.5	<b>1.5</b>
Public works										
Transit	63.5	73.8	76.3	81.8	82.5	82.9	80.8	77.2	75.6	<b>75.7</b>
Fleet services	8.8	8.5	8.0	8.0	8.0	8.0	8.0	9.4	9.8	<b>9.8</b>
Parking	-	-	-	-	-	-	7.8	(3) 8.0	8.2	<b>8.2</b>
Street maintenance	15.8	15.6	16.7	17.5	17.5	17.5	17.4	17.3	17.0	<b>14.8</b>
Parks and cemetery	18.8	18.8	17.2	17.3	18.8	18.2	18.2	18.6	19.0	<b>19.0</b>
Administration	2.5	2.5	2.5	-	-	-	-	-	-	<b>-</b>
Other	11.1	10.9	10.7	9.6	9.6	9.6	9.0	9.0	9.0	<b>9.0</b>
Library and recreation										
Library	11.2	11.2	11.2	11.2	11.4	11.4	11.4	11.4	11.9	<b>12.3</b>
Golf	7.0	6.8	6.3	5.7	5.5	5.4	5.2	6.0	6.0	<b>7.8</b>
Recreation	27.8	28.1	28.3	27.4	27.3	29.9	29.7	28.2	28.2	<b>29.3</b>
Tennis	6.0	7.7	7.7	6.9	7.4	7.9	4.0	4.7	4.7	<b>4.7</b>
Ice	10.2	10.4	11.4	11.0	11.0	9.0	8.4	11.4	11.3	<b>12.3</b>
Water										
Water billing	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	(4) -	<b>-</b>
Water operations	15.3	16.5	17.5	17.5	17.6	21.9	21.9	23.0	24.4	<b>26.5</b>
Stormwater										
Stormwater operations	-	-	-	-	-	-	-	-	-	<b>6.1</b> (5)
<b>Total</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>	<b>345.1</b>	<b>349.4</b>	<b>353.1</b>	<b>369.2</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.
- (3) In 2014 the Parking Department was added, until that time it had been outsourced.
- (4) In 2015 Water Billing was combined with Water Operations.
- (5) In 2017 the Stormwater Operations Department was created.

**Schedule 23**  
**Park City Municipal Corporation, Utah**  
**Population Statistics**

<b>Census:</b>	<b>Calendar Year</b>	<b>Park City Population</b>	<b>Percent Change from Prior Period</b>	<b>Summit County Population</b>	<b>Percent Change from Prior Period</b>
	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
	2007	8,133	0.83	37,461	1.60
	2008	8,030	(1.27)	38,412	2.54
	2009	7,980	(0.62)	39,951	4.01
	2010	8,123	1.79	40,451	1.25
	2011	7,596	(6.49)	36,324	(10.20)
	2012	7,702	1.40	37,208	2.43
	2013	7,873	2.22	38,003	2.14
	2014	8,058	2.35	39,105	2.90
	2015	8,128	0.87	39,633	1.35
	<b>2016</b>	<b>8,299</b>	<b>2.10</b>	<b>40,307</b>	<b>1.70</b>

Age distribution of 2015 population:

Age	Number	Percent
Under 5 Years	483	5.82 %
5-14	809	9.75
15-24	919	11.07
25-34	1,472	17.74
35-44	937	11.29
45-54	1,421	17.12
55-64	1,352	16.29
65-74	755	9.10
75 and over	151	1.82
	<b>8,299</b>	<b>100.00 %</b>

Median age: 40.4

Sources: U.S. Census Bureau, 2011-2015 American Community Survey  
Utah Department of Workforce Services  
Park City Chamber & Visitors Bureau

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

<u>Fiscal Year</u>	<u>Transient Room Capacity</u>	<u>Park City Population</u>	<u>Resort Percentage</u>	
2008	26,595	8,030	331	%
2009	26,595	7,980	333	
2010	26,736	8,123	329	
2011	27,178	7,596	358	
2012	27,178	7,547	360	
2013	28,275	7,702	367	
2014	28,275	7,873	359	
2015	28,275	8,058	351	
2016	28,275	8,128	348	
<b>2017</b>	<b>15,858 (1)</b>	<b>8,299</b>	<b>191</b>	

Note (1): In fiscal year 2017 the Chamber began separating the room capacity within the City limits.

Source: Park City Chamber/Visitor Bureau, December 2016

**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</u>	<u>% Change From Prior Year</u>	<u>Total Pledged Taxes</u>	<u>% Change From Prior Year</u>
2008	\$ 4,047,348	(7.0) %	\$ 5,157,557	0.05 %	\$ 9,204,905	(3.2) %
2009	3,881,142	(4.1)	4,709,483	8.7	8,590,625	(6.7)
2010	3,990,274	2.8	4,483,804	(4.8)	8,474,078	(1.4)
2011	3,966,554	(0.6)	5,022,250	12.0	8,988,804	6.1
2012	4,125,435	4.0	5,443,231	8.4	9,568,666	6.5
2013	4,187,472	1.5	5,561,728 (1)	2.2	9,749,200	1.9
2014	4,347,534	3.8	9,151,788 (2)	64.5	13,499,322	38.5
2015	4,731,904	8.8	10,066,040	10.0	14,797,944	9.6
2016	5,180,094	9.5	11,154,870	10.8	16,334,964	10.4
<b>2017</b>	<b>5,620,687</b>	<b>8.5</b>	<b>12,253,267</b>	<b>9.8</b>	<b>17,873,954</b>	<b>9.4</b>

Notes:

(1) Beginning in fiscal year 2013 the City began reporting 25 percent of the 1.1 percent Resort Communities Tax to transit-related projects and improvements.

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

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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police</b>										
Physical arrests	521	528	577	583	468	616	623	516	506	449
Parking citations	771	568	295	102	342	326	219	282	236	291
Traffic citations	1,980	2,546	2,044	1,984	963	950	904	454	966	712
<b>Public works</b>										
Street resurfacing (tons of asphalt)	3,636	3,301	3,810	5,500	4,616	4,616	5,133	5,526	6,034	5,486
Potholes repaired	200	200	250	275	235	230	240	210	380	400
<b>Water</b>										
Number of customers	5,059	5,095	5,122	5,161	5,171	5,180	5,203	5,226	5,230	5,276
New connections	141	80	27	26	10	22	37	42	56	56
Water main breaks	21	10	10	10	23	12	12	15	25	12
Average daily consumption (Tgal)	4,312	4,390	4,119	4,152	4,915	4,822	4,660	4,430	4,647	4,890
Peak daily consumption (Tgal)	8,907	8,682	8,527	8,120	8,529	8,873	8,820	7,786	7,767	8,660
Average monthly billings (3/4" meter)	46.87	47.99	54.68	54.82	57.61	82.51	86.22	88	83.32	105.87
<b>Residential billing rates</b>										
Base rate (per 3/4" meter)	16.82	20.86	23.36	25.23	28.26	33.35	39.35	44	44.07	44.95
Base rate (per 1" meter)	22.71	28.16	31.54	34.06	45.02	45.02	53.12	59	59.49	60.68
Base rate (per 1-1/2" meter)	26.93	33.39	37.40	40.39	53.38	53.38	62.99	71	70.55	71.96
Rate per Tgal (winter months only)	2.94	3.65	4.09	4.42	5.84	5.84	6.89	8	7.72	5.60
<b>Commercial billing rates</b>										
Base rate (per 3/4" meter)	21.87	27.12	30.37	32.80	43.35	43.35	51.15	57	57.29	58.44
Base rate (per 1" meter)	37.00	45.88	51.39	55.50	73.35	73.35	86.55	97	96.94	98.88
Base rate (per 1-1/2" meter)	79.05	98.02	109.78	118.56	156.69	156.69	184.89	207	207.08	211.22
Base rate (per 2" meter)	164.84	204.40	228.93	247.24	326.75	326.75	385.57	432	431.84	440.48
Base rate (per 3" meter)	428.94	531.89	595.72	643.38	850.30	850.30	1,003.35	1,124	1,123.75	1,146.23
Base rate (per 4" meter)	778.81	965.72	1,081.61	1,168.14	1,543.82	1,543.82	1,821.71	2,040	2,040.32	2,081.13
Base rate (per 6" meter)	1,468.47	1,820.90	2,039.41	2,202.56	2,910.19	2,910.19	3,434.02	3,846	3,846.10	3,923.02
Base rate (per 8" meter)	2,528.20	3,134.97	3,511.17	3,792.06	5,011.59	5,011.59	5,913.67	6,623	6,623.31	6,755.78
Rate per 1,000 gallons	2.94	3.65	4.09	4.42	5.84	5.84	6.89	8	7.72	7.87
<b>Building activity</b>										
Building permits issued	911	895	845	903	984	1,615	1,432	1,289	1,102	999
Number of residential units	136	286	30	17	24	40	51	119	57	54
Residential value (in thousands)	50,672	40,621	13,724	9,429	15,673	21,260	40,646	64,102	30,826	40,634
Commercial value (in thousands)	18,414	8,369	-	8,929	198	173	14,420	17,951	3,663	8,912
<b>Parks and recreation</b>										
Racquet club passes	2,604	2,528	2,263	1,368 (1)	3,304 (2)	5,037	7,038	7,893	7,922	7,067
Golf rounds	27,450	30,202	25,912	25,852	29,282	30,151	30,887	29,269	29,537	30,731
<b>Library</b>										
Total volumes borrowed	80,970	83,545	85,655	89,174	93,626	91,955	79,709 (3)	54,262 (3)	98,930 (4)	111,388
Circulation per capita	10	10	11	12	12	12	10	7	12	13
<b>Transit</b>										
Total route miles	1,041,987	1,033,806	1,075,422	1,051,995	1,111,456	1,113,567	1,116,067	986,500	1,065,755	1,141,405
Passengers	2,153,102	1,956,770	1,857,947	1,965,455	1,934,382	1,882,533	1,823,459	1,701,758	1,798,482	2,100,455

Sources: Various City departments.

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

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

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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
City Area (sq. miles)	13	18	18	18	18	18	18	20	20	<b>20</b>
Police station	1	1	1	1	1	1	1	1	1	<b>1</b>
Transit buses	29	29	40	37	36	36	36	37	37	<b>38</b>
Public works										
Streets (lane miles)	127	111 (1)	111	111	111	111	126	126	126	<b>126</b>
Street lights	542	530 (1)	530	530	545	545	712	712	712	<b>964</b>
Water										
Fire hydrants	1,023	1,040	1,056	1,100	1,105	1,105	1,105	1,081	1,090	<b>1,091</b>
Water mains (miles)	117	119	127	130	131	132	135	137	140	<b>142</b>
Storage capacity (Tgal)	14,650	14,650	14,650	14,650	14,650	13,650	13,650	13,650	13,650	<b>13,650</b>
Recreation and culture										
Acreage	220	220	223	223	223	223	223	223	223	<b>1,536 (3)</b>
Parks	37	38	40	40	40	40	40	40	40	<b>42</b>
Covered picnic areas	4	4	4	4	4	4	4	4	4	<b>6</b>
Tennis courts	13	13	9	9	13	13	14	14	14	<b>14</b>
Soccer fields	6	6	6	6	6	6	6	6	6	<b>6</b>
Baseball diamonds	10	10	10	10	10	10	10	10	10	<b>10</b>
Library	1	1	1	1	1	1	1	1	1	<b>1</b>
Volumes in library	55,902	64,474 (2)	67,626	71,164	82,291	74,071	85,138	97,160	126,999	<b>117,482</b>
Golf course	1	1	1	1	1	1	1	1	1	<b>1</b>
Ice Rink	1	1	1	1	1	1	1	1	1	<b>1</b>

Sources: Various City departments.

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

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

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

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

**Schedule 28**  
**Park City Municipal Corporation, Utah**  
**Schedule of Insurance in Force**  
**As of June 30, 2017**

<u>COMPANY &amp; COVERAGE TYPE, POLICY #</u>	<u>LIMITS</u>	<u>EXPIRATION</u>	<u>PREMIUM</u>	<u>DEDUCTIBLE</u>
<b>AFFILIATED FM</b> <b>(Property Coverage) SG491</b>	\$ 140,679,851	1/1/2018	\$ 185,319	
All other Perils				\$ 10,000
Flood				500,000
Earthquake				100,000
Data, Programs/Software & Computer Systems				10,000
Off Premises Service				10,000
Motor Vehicles				1,000,000
<b>ST. PAUL/TRAVELERS</b> <b>(Crime Policy) 105540277</b>		1/1/2020	\$ 3,950	
Employee Theft - Per Loss Limit	\$ 525,000			\$ 10,000
Forgery or Alteration	500,000			10,000
Money & Securities (In & Outside)	25,000			10,000
Computer Fraud	500,000			10,000
Funds Transfer Fraud	500,000			10,000
<b>WORKERS COMPENSATION FUND</b> <b>(Workers Compensation) 1638608</b>	\$ 1,000,000	1/1/2018	\$ 201,637	\$ -
<b>STATES RISK RETENTION GROUP</b> <b>(Liability) SEL3015714</b> (General Liability, Automobile Liability, Employment Practice Liability, Law Enforcement Liability and Public Officials Errors & Omission Liability)	\$ 10,000,000	1/1/2018	\$ 185,319	\$ 250,000
<b>BEAZLEY</b> <b>(Cyber Insurance) W1476D170401</b> Information Security & Privacy Insurance	\$ 5,000,000	1/1/2018	\$ 44,944	\$ -

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

**Fiscal Year Ended June 30**

	2017	2016 (1)	2015	2014 (1)	2013
<b>ASSETS</b>					
Cash, cash equivalents and investments held by city	\$ 64,906,033	\$ 77,276,957	\$ 74,908,660	\$ 73,540,217	\$ 64,485,816
Cash, cash equivalents and investments held by fiscal agent	6,380,142	6,690,285	10,554,094	5,104,820	7,216,764
Restricted cash, cash equivalents and investments, other	6,318,540	6,312,535	7,418,529	6,866,835	661,306
Receivables:					
Taxes	23,385,693	20,740,471	20,631,203	20,432,310	19,917,948
Accounts	11,928,740	2,553,439	2,166,238	2,785,397	3,144,039
Notes receivable	1,799,575	314,353	320,284	1,578,341	5,102,467
Inventories	825,319	772,836	927,978	1,036,104	991,256
Prepays	2,239,181	528,089	515,520	510,634	576,195
Capital assets not being depreciated:					
Land and water rights	170,855,021	129,838,076	130,034,390	121,920,236	118,270,236
Construction in progress	12,052,772	10,931,485	13,018,693	8,791,078	5,014,332
Art	827,833	827,833	710,570	710,570	693,570
Capital assets (net of accumulated depreciation):					
Buildings	43,753,494	42,117,192	43,670,618	39,400,441	39,930,136
Improvements other than buildings	82,644,790	77,669,009	67,613,413	67,054,006	64,429,548
Vehicles and equipment	23,705,654	15,058,504	16,123,836	15,585,814	16,920,781
Infrastructure	25,800,212	29,114,178	25,053,552	26,782,596	26,346,422
Intangibles	5,608,810	5,652,891	5,691,867	5,506,939	5,498,064
Net pension assets	3,713	7,661	22,838	-	-
<b>Total assets</b>	<b>483,035,522</b>	<b>426,405,794</b>	<b>419,382,283</b>	<b>397,606,338</b>	<b>379,198,880</b>
<b>Deferred outflows of resources</b>					
Deferred charge on refunding	6,578,882	7,477	15,227	22,977	30,727
Deferred outflows of resources related to pensions	-	5,277,742	1,597,998	1,228,149 (2)	-
<b>Total deferred outflows of resources</b>	<b>\$ 6,578,882</b>	<b>\$ 5,285,219</b>	<b>\$ 1,613,225</b>	<b>\$ 1,251,126</b>	<b>\$ 30,727</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 10,204,455	\$ 4,243,398	\$ 4,813,660	\$ 4,806,266	\$ 2,921,491
Accrued liabilities	2,674,359	2,868,301	2,707,660	2,836,990	2,674,816
Long-term debt due within one year:					
Compensated absences	534,198	431,558	391,979	391,796	363,362
Contracts payable	-	-	93,024	2,586,533	80,496
General obligation bonds	4,945,000	3,300,000	3,215,000	3,655,000	3,520,000
Revenue bonds	4,720,000	4,530,000	4,690,000	4,040,000	3,910,000
Long-term debt due in more than one year:					
Compensated absences	670,641	681,413	616,886	491,221	442,171
General obligation bonds	45,540,922	22,709,111	26,083,159	29,363,370	26,181,426
Contracts payable	-	-	-	93,024	2,679,557
Revenue bonds	54,793,151	59,904,698	64,829,343	51,983,601	51,937,800
Net pension liability	11,020,794	10,109,665	6,596,256	8,196,954 (2)	-
<b>Total liabilities</b>	<b>135,103,520</b>	<b>108,778,144</b>	<b>114,036,967</b>	<b>108,444,755</b>	<b>94,711,119</b>
<b>Deferred inflows of resources</b>					
Property taxes	19,785,339	17,605,701	17,553,354	17,437,568	16,973,817
Deferred gain on refunding	321,672	425,561	529,450	-	-
Deferred inflows of resources related to pensions	1,803,202	1,142,122	1,049,810	-	-
<b>Total deferred inflows of resources</b>	<b>21,910,213</b>	<b>19,173,384</b>	<b>19,132,614</b>	<b>17,437,568</b>	<b>16,973,817</b>
<b>NET POSITION</b>					
Net investment in capital assets	266,635,094	233,610,613 (3)	220,380,226	208,942,336	200,625,551
Restricted for:					
Water development	-	-	-	-	-
Capital projects	7,545,300	7,872,086	12,779,745	6,882,935	3,191,412
Debt service	5,153,382	5,130,734	5,192,878	5,088,720	4,686,658
Other	59,674	48,640	47,201	46,402	47,776
Unrestricted	53,207,221	57,077,412	49,425,877	52,014,749	58,993,274
Total net position	<b>332,600,671</b>	<b>303,739,485</b>	<b>287,825,927</b>	<b>272,975,142</b>	<b>267,544,671</b>
<b>Total liabilities and deferred inflows of resources and net position</b>	<b>\$ 489,614,404</b>	<b>\$ 431,691,013</b>	<b>\$ 420,995,508</b>	<b>\$ 398,857,465</b>	<b>\$ 379,229,607</b>

Source: Information extracted from the City's fiscal years ended June 30, 2013 through 2017 general purpose financial statements.

Notes: (1) Restated

(2) Fiscal year 2015 - Implemented GASB 68, Accounting and Financial Reporting for Pensions, required restatement of fiscal year 2014.

(3) Fiscal year 2017 - Capital asset adjustment, required restatement of fiscal year 2016.

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

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**Park City Municipal Corporation, Utah**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2017**

<b>Federal Grantor Agency or Pass Through Entity</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>2017 Expenditures</b>
<b>U.S. Department of Transportation</b>			
Highway Planning and Construction	20.205	F-ST99(289)	\$ 62,719
Formula Grants for Rural Areas	20.509	UT-2016-005	2,539,535
Formula Grants for Rural Areas	20.509	UT-2016-006	1,853,119
Formula Grants for Rural Areas	20.509	UT-18X030	1,685,848
Formula Grants for Rural Areas	20.509	UT-18X001	786,744
Bus and Bus Facilities	20.526	UT-2017-004	3,905,378
Bus and Bus Facilities	20.526	UT-18X032	3,019,408
Bus and Bus Facilities	20.526	UT-18X032	1,327,755
Bus and Bus Facilities	20.526	UT-34003	792,083
		Subtotal	<u>15,972,589</u>
<b>Department of Homeland Security</b>			
Pass Through Utah Department of Public Safety Emergency Management Performance Grant	97.042	EMPG-2015-DEM-047	12,500
Pass Through Utah Department of Public Safety Emergency Management Project Grant	97.042	EMPG-2016-DEM	5,000
Pass Through Utah Department of Public Safety Emergency Management Project Grant	97.042	EMPG-2017-DEM	5,000
Pass Through Summit County State Homeland Security Pass Through Grant FY13	97.042	PARP-15HSGP	5,696
Pass Through Summit County State Homeland Security Pass Through Grant FY13	97.042	PARP-16HSGP	4,400
		Subtotal	<u>32,596</u>
<b>U.S. Department of Agriculture</b>			
Conservation Reserve Program	10.069	UT- 49043-189	1,044
<b>U.S. Department of Justice</b>			
Pass Through Utah Office for Victims of Crime Victim of Crime Act (VOCA) Grant	16.017	15-VOCA-45	15,213
<b>Total Federal Awards</b>			<b>\$ <u>16,021,442</u></b>

**Park City Municipal Corporation, Utah**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2017**

**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

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**Park City Municipal Corporation, Utah  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2017**

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**Section I - Summary of Auditors' Results:**

**Financial Statements:**

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

**Federal Awards:**

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings required to be reported in accordance with 2 CFR 200.516(a)	None reported
<b>Identification of major programs:</b>	
CFDA Number	20.526
Name of Federal Program or Cluster	U.S. Department of Transportation, Bus and Bus Facilities

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee	Yes
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<b>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</b>	None reported
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<b>Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a)</b>	None reported
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Members of the City Council  
Park City Municipal Corporation, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Park City Municipal Corporation (the City) as of and for the year ended June 30, 2017, 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 14, 2017.

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

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

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

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

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

*Penny Bowler Taylor & Kern*

December 14, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Members of the City Council  
Park City Municipal Corporation, Utah

We have audited the compliance of the Park City Municipal Corporation (the City) with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2017. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

**Auditors' Responsibility.** Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Major Federal Program.** In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the City's major federal program for the year ended June 30, 2017.

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

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

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

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

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.** We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 14, 2017, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



December 14, 2017

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

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

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

We have audited Park City Municipal Corporation's (the City) compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2017.

General state compliance requirements were tested for the year ended June 30, 2017 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Restricted Taxes and Related Revenues
- Tax Levy Revenue Recognition
- Open and Public Meetings Act
- Public Treasurer's Bond
- Cash Management
- Impact Fees

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on General State Compliance Requirements***

In our opinion, Park City Municipal Corporation complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2017.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying Schedule of State Compliance Findings and Recommendations as item 2017-001. Our opinion on compliance is not modified with respect to these matters

The City's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of State Compliance Findings and Recommendations. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report On Internal Control over Compliance**

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

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

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

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



Salt Lake City, Utah  
December 14, 2017

Park City Municipal Corporation  
Schedule of State Compliance Findings and Recommendations  
June 30, 2017

State Compliance Finding – Current Year

2017-001 Budgetary Compliance

Finding:

Utah State Code Section 10-6-123 states that the entities total expenditures by fund or department may not exceed the amounts appropriated in the final adopted budget. The City had an error that caused a General fund department to exceed the final adopted budget.

Recommendation:

We recommend that the City reinforce policies over budget review and augmentation to ensure compliance with the State compliance requirement over budgetary compliance.

Management Response:

The City agrees with the recommendation and will reinforce its policies and practices to ensure financial control and reconciliation of major fund accounts during the budget process. Negative budget account codes need to be identified and corrected through meticulous inspection of budget reports before the final budget is adopted.