

Comprehensive Annual Financial Report



**Park City Municipal Corporation, Utah
Fiscal Year Ended June 30, 2011**

PARK CITY MUNICIPAL CORPORATION, UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT **(Including Single Audit, Internal Control and Compliance Reports** **and Supplementary Information)** **for fiscal year ended June 30, 2011**

Prepared by:
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PARK CITY MUNICIPAL CORPORATION, UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2011

C O N T E N T S

Page

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditors' Report on Financial Statements and Supplementary Information	2
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	23
Statement of Activities	25
Governmental Fund Financial Statements	
Balance Sheet	29
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	30
Statement of Revenues, Expenditures, and Changes in Fund Balances	31
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds to the Statement of Activities	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	33
Proprietary Fund Financial Statements	
Statement of Net Assets	35
Reconciliation of the Statement of Net Assets – Proprietary Funds to the Statement of Net Assets	36
Statement of Revenues, Expenses, and Changes in Fund Net Assets	37
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds to the Statement of Activities	38
Statement of Cash Flows	39
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	41
Notes to the Basic Financial Statements	
Note A – Summary of Significant Accounting Policies	43
Note B – Cash, Cash Equivalents and Investments	53
Note C – Notes Receivable	57
Note D – Capital Assets	58
Note E – Long-Term Obligations	60
Note F – Retirement Plans	71
Note G – Defined Contribution Plans	72

(Continued)

C O N T E N T S - Continued

	Page
Note H – Commitments and Contingencies	73
Note I – Intergovernmental Revenues	73
Note J – Interfund Loans	73
Note K – Risk Management	74
Note L – Budget Reconciliation	74
Note M – Interfund Transfers	75
Note N – Taxes	76
Note O – Unearned Revenue	76
Note P – Conduit Debt	77
Note Q – Pollution Remediation	77
Note R – Subsequent Events	78
Supplementary Information – Combining and Individual Non-Major Fund Statements And Schedules	
Governmental Funds	
Non-Major Governmental Funds	
Combining Balance Sheet	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	82
Budgetary Comparison Schedules	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Sales Tax Revenue and Refunding Bonds Debt Service Fund	83
General Obligation Debt Service Fund	84
Capital Improvements Fund	85
Lower Park Avenue Redevelopment Capital Projects Fund	86
Lower Park Avenue Redevelopment Debt Service Fund	87
Main Street Redevelopment Capital Projects Fund	88
Municipal Building Authority Capital Projects Fund	89
Equipment Replacement Capital Improvements Fund	90
Internal Service Funds	
Combining Statement of Net Assets	92
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	93
Combining Statement of Cash Flows	94
Fiduciary Fund	
Statement of Changes in Assets and Liabilities	96

(Continued)

STATISTICAL SECTION

Schedule 1 – Net Assets by Component	98
Schedule 2 – Changes in Net Assets	99
Schedule 3 – Fund Balances of Governmental Funds	101
Schedule 4 – Changes in Fund Balances of Governmental Funds	102
Schedule 5 – General Government Tax Revenues by Source	103
Schedule 6 – Assessed Value of Taxable Property Excluding Fee-In-Lieu	104
Schedule 7 – Assessed Value of Taxable Property Including Fee-In-Lieu	105
Schedule 8 – Taxable Sales by Category	106
Schedule 9 – Direct and Overlapping Property Tax Rates	107
Schedule 10 – Direct and Overlapping Sales Tax Rate	108
Schedule 11 – Principal Property Taxpayers	109
Schedule 12 – City Tax Revenue Collected by County	110
Schedule 13 – Property Tax Levies and Collections	111
Schedule 14 – Ratios of Outstanding Debt by Type	112
Schedule 15 – Ratios of General Bonded Debt Outstanding	113
Schedule 16 – Direct and Overlapping Governmental Activities Debt	114
Schedule 17 – Legal Debt Margin Information	115
Schedule 18 – Pledged-Revenue Coverage	116
Schedule 19 – Water Fund Refunding Revenue Bonds	117
Schedule 20 – Demographic and Economic Statistics	118
Schedule 21 – Principal Employers	119
Schedule 22 – Full-time Equivalent City Government Employees by Function	120
Schedule 23 – Population Statistics	121
Schedule 24 – Transient Room Capacity as a Percentage of Population	122
Schedule 25 – Historical Pledged Taxes	123
Schedule 26 – Operating Indicators by Function	124
Schedule 27 – Capital Asset Statistics by Function	125
Schedule 28 – Schedule of Insurance in Force	126
Schedule 29 – Five-Year Financial Summaries	127

(Continued)

C O N T E N T S - Continued

Page

SINGLE AUDIT, INTERNAL CONTROL AND COMPLIANCE REPORTS

Schedule of Expenditures of Federal Awards	129
Notes to Schedule of Expenditures of Federal Awards	130
Schedule of Findings and Questioned Costs	131
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	132
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133	133
Independent Auditors' Report on Compliance with the State of Utah Legal Compliance Guidelines	135

**INTRODUCTORY
SECTION**

Park City Municipal Corporation





Finance

December 15, 2011

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, 2011.

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

The basic financial statements contained in this report have been audited by Piercy Bowler Taylor & Kern, a firm of licensed certified public accountants. The objective of this type of audit is for the independent auditors to render an opinion, with reasonable assurance, as to whether the basic financial statements of Park City Municipal Corporation, the "City", for the fiscal year ended June 30, 2011, are fairly presented and free of any material misstatement. Audit procedures included extensive testing and analysis of transactions, balances and systems. The unqualified ("clean") opinion on the basic financial statements signed by Piercy Bowler Taylor & Kern is located at the beginning of the financial section.

Additionally, Piercy Bowler Taylor & Kern audited the compliance requirements of the City's federal and state grant programs for the year ended June 30, 2011, as part of the federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on fair presentation of the basic financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

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

Profile of Park City Municipal Corporation, Utah

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

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

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

Budgetary Control

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

during the budget year but must hold a public hearing to increase a governmental fund's budget before it can pass the resolution.

Local Economy

Park City is located in Summit County, Utah, in the heart of the Wasatch Mountains, 30 miles east of Salt Lake City and 40 minutes by freeway from the Salt Lake International Airport. In 1869, silver bearing quartz was discovered in the area, of what is now Park City, and a silver mining boom began. From the 1930's through the 1950's, the mining boom subsided due to the decline of silver prices, and Park City came very close to becoming a historic ghost town. During that time, the residents began to consider an alternative to mining and began developing Park City into a resort town. Park City is one of the western United States premier multi-season resort communities with an area of eighteen square miles and a permanent resident population of approximately 7,596.

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

Tourism is the major industry in Park City, with skiing, lodging facilities and restaurants contributing significantly to the local economy. Park City is the home of two major ski resorts (Park City Mountain Resort and Deer Valley Resort) with a third area (The Canyons Resort) located only one mile north of the City limits.

In 2002, Salt Lake City hosted the 2002 Winter Olympic Games with two athletic venues in Park City and one 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 2011 Freestyle Ski World Cup event for the fifth year in a row in February 2011, with Park City Mountain Resort staging the slopestyle and halfpipe competitions. Deer Valley Resort was rated the best resort in North America for the fifth year in a row in *Ski Magazine's* resort review. No other resort has topped the rankings five years in a row. It also marks eleven years that Deer Valley has finished in the top three. The Park City Mountain Resort is located in the heart of Park City. Park City Mountain Resort was ranked number five overall, has been in the top five for seven of the past eight years, and was Utah's only other ski resort to finish in the top ten of *Ski Magazine's* resort review.

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 6.6 percent. The current State of Utah rate is 7.4 percent and the national rate is 9.2 percent.

Economic Trends

Growth has accelerated in the last decade, and Park City now stands as one of the most affluent and lively resort towns in the United States. Wikipedia.com refers to Park City as, “One of the wealthiest cities in the United States”. Park City has seen some strong growth over the past five years in the ski industry. Encouraging tourism and the ski industry are objectives for Park City as well as for the State of Utah. With its close proximity to Salt Lake City and Salt Lake International Airport, Park City is a major contributor to these goals. Figures show U.S. skier visits during the past winter were the second best in history, for the sport. Total statewide skier days were 4,223,064, up 4.3 percent from the previous year. Park City area resorts claim approximately 44.2 percent of the total Utah market share, 1,866,317 skier days. To put this in context, Utah’s record was 4,249,190 set four winters ago, prior to the recession. With the local economy dependent on tourism and skiing, employment in Park City tends to decline in the spring and summer months. The City has been mitigating this by diversifying recreational activities in the “off-season”. This year the City hosted the Triple Crown Girls Fast Pitch Softball World Series for the ninth year. This event draws teams from California, Arizona, Colorado, Oklahoma, Idaho, Utah and Texas. Each year is bigger and better than the last. Other events include Park City Marathon Road Race, Intermountain Cup Mountain Bike Races and the Endurance 100 Mountain Bike Race.

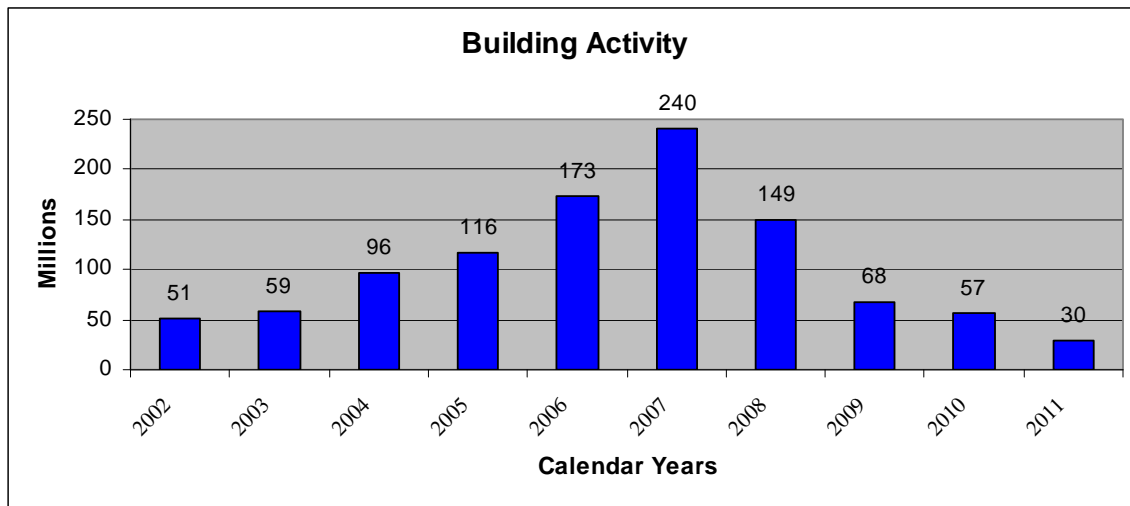
The service population is much larger due to the number of secondary homeowners and visitors within Park City. The City has approximately 161 restaurants, 314 shops, 27 private art centers and a community-sponsored art center. Many of Park City’s restaurants are award winning and among the finest in the inter-mountain west. The Chamber of Commerce estimates that the City has a nightly capacity for 27,178 guests. In the last ten years nightly capacity has increased by 37.4 percent. Please see Schedule 24 on page 122 of the Statistical Section of this report.

The Sundance Film Festival made its 30th annual appearance in Park City in January 2011. A recent study by the University of Utah’s Bureau of Economic and Business Research reveals the 2011 festival generated an overall economic impact of \$70.8 million for the State of Utah, up from 2010, but still sharply down from the record of \$92.2 million reported after the 2009 festival. Sundance and Park City Municipal Corporation have formally agreed that Park City will remain festival headquarters through the 2018 film festival, with a ten-year option to renew after that. 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 which are open to the general public. It is estimated that the cultural event attracted over 45,797 attendees this year, up 11.1 percent from 2010, an estimated 66.8 percent from out of state.

The Kimball Arts Center sponsored its 42nd annual three-day Park City Arts Festival in August 2011. The Park City Arts Festival is Utah’s original, oldest and the longest running arts festival in the West. In the last decade this event has grown substantially and this year attracted nearly 50,000 visitors. This was a sharp increase from the previous two years. The festival features 220 of North America’s top artists. This is one of the most

attended annual events in Utah and includes an art auction and gala, and a 5K run for the arts.

Closely connected to the tourist and ski industries in Park City is the real estate industry. During the past ten years, building activity within the City has fluctuated from a low of \$29.8 million in 2011, because of the recession, to a high of \$239.7 million in 2007. Building activity over the last decade has averaged \$103.9 million per year. In the first nine months of calendar year 2011, approximately 16.2 percent of the \$29.8 million in building activity has been in residential construction and 0.3 percent in commercial construction. The remaining 83.5 percent consists of remodeling, expanding and miscellaneous construction. The residential construction total valuation of approximately \$4.8 million consisted of both single and multi-family homes. Easy access to Salt Lake City has intensified the role for Park City as a bedroom community. This role and the current economy have shifted emphasis to the construction of residential homes.



*Notes: The 2011 number is from January 2011 through September 2011 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 in Park City range from an average of \$416,667 in the Aerie area to an average of more than \$4,417,500 for lots in Empire Canyon. Condominiums range in average price from \$152,919 to \$2,857,219 depending upon location. Depending upon the area, single-family homes range from an average price of \$442,569 to \$6,645,250. Overall, in the last year, volume of single-family homes sold decreased 7.9 percent and the average sale price decreased 22.6 percent. Condominium sales showed a volume decrease of 21.1 percent and average sale price decreased 8.0 percent.

Long-term Financial Planning

Being the first year of a budget biennium, the CIP Committee performed a full reprioritization of the Five-Year Capital Plan. This means that all projects, even those that had been awarded funding in previous years, were reviewed and prioritized along with new projects. Unlike the prior two fiscal years, the City did not have a declared budget shortfall in fiscal year 2011. At the time of prioritization, projections showed a slight surplus (less than \$.5 million) anticipated. This being the case, the committee did not have a targeted budget cut to achieve this year, as it had the past two years. Nonetheless, due to the long-term projections which show lack of future available operating surpluses, the amount of scrutiny involved in this process was heightened. Ultimately, the committee set a goal to fund projects requiring operating surplus to the tune of \$2.3 million in the current fiscal year and \$2.0 million in each of the five years of the capital plan. The committee recommendation that went to the City Manager was consistent with that goal.

Relevant Financial Policies

The City balanced the non-capital fiscal year 2011 budget with reductions to staff performance bonuses and without a property tax increase. Staff committed to return with an expanded budget discussion, which included a fairly rigorous prioritization process of all City services and capital initiatives as well as a discussion revisiting the City Council policy toward employee compensation. Council spent several meetings during December 2010 and January 2011 reviewing this prioritization process, known as Budgeting for Outcomes (BFO). The process was a more zero-based budgeting approach than the traditional incremental approach. It closely resembled a Request for Proposal (RFP) process, with a Results Team made up of City staff creating Requests for Results (RFRs) related to each Council goal and departments submitting bids for City services, programs, capital, etc. related to each RFR at varying levels of service. In this fashion, all funding in the budget was linked directly to a Council goal and the community vision. The Results Team performed preliminary prioritization and the process culminated in a Council prioritization exercise leading up to and during Council Visioning in early February 2011.

Major Initiatives

Water quality and delivery continue to be a top priority for Park City. With the rate of development that occurred over the past few years, water needs have been identified and the cost of these improvements is being developed to be fairly distributed between users and new development. CIP changes to the Water Fund are also reflective of the City's continuing commitment to secure Park City's water needs through improvements to the City's water infrastructure. Construction of the Quinn's Junction Water Treatment Plant (QJWTP) began during the summer of 2010 and will continue throughout the summer and fall of 2011. The project is approximately 75% complete and plant start-up is planned for early 2012. This project is funded by water impact fees, water service fees and bond proceeds.

Park City was the first community in Utah to conduct a baseline carbon inventory for the whole community. The City is now working to reduce its carbon emissions through energy efficiency, water conservation projects, vehicle fuel conservation and renewable energy generation. The City Council committed to a municipal carbon mitigation target of 12 percent below our business-as-usual forecasted emissions in 2012. In an effort to achieve this target, the City Council passed an anti-idling ordinance on December 16th, 2010. The ordinance prohibits the idling of vehicles within City limits for longer than three minutes, barring some exceptions. Park City is the first community in Utah to adopt an idling ordinance and joins a growing number of states and communities across the U.S. which have taken similar action to protect the environment and human health.

Update on Major Projects

Iron Horse Transit Operations Facility – This project includes 60 bus bays, 86 employee parking spaces, bus wash, and eight bus maintenance bays, with inventory and equipment storage areas. This project is being funded with 80 percent federal funds and 20 percent local land match of the Iron Horse Drive parcel. The budget for this project is \$12.7 million. The construction started in April 2011 and the estimated completion date is November 2011.

Park City Municipal Recreation and Athletic Center (PC MARC) Remodel – A major remodel of the City’s recreation facility formally known as the Racquet Club, which expands group fitness, weight room, cardio, two additional tennis courts, walking/jogging track, aquatic center, childcare, administration area and restaurant (\$9.6 million). The project is on schedule and expected to have its grand opening on December 16, 2011. The remodel is funded mainly with capital funds with a small amount coming from Recreation, Arts and Parks (RAP) Tax and donations.

Old Town Improvement Study (OTIS) Projects - The City has completed 7 of 22 street reconstruction projects outlined in the 2002 Old Town Improvement Study. The Engineering Department continued Phase II (a) of OTIS last summer with the completion of the Sandridge project at a cost of \$.3 million. The remainder of Phase II (a) includes reconstruction of Empire and Upper Lowell Avenues. It is likely that Empire and Upper Lowell Avenues could be completed in conjunction with the Treasure Hill project, making the timing and cost to the City of that project unclear. Sales tax revenue bonds and capital funds are currently the funding sources for these projects.

Walkable Community Projects – The City, after completion of the community Walkability Study and approval of a \$15.0 million Walkability General Obligation Bond, strives to complete 36 projects through 2012. As of today, 24 of these projects have been completed. Projects completed in 2011 include the pedestrian tunnels under Bonanza Drive (\$1.2 million) and Kearns Boulevard (\$1.8 million); new sidewalks on Comstock Drive and related traffic calming improvements (\$.9 million); Holiday Ranch Loop Road (\$.8 million).

Bonanza Drive Reconstruction – Construction on Bonanza Drive started in July 2009 and will be completed in the fall of 2011. The project included road construction from

Deer Valley Drive to just north of Upper Iron Horse Drive, a distribution water line from Deer Valley Drive through Kearns Blvd, pedestrian tunnel, road construction from upper Iron Horse Drive to Kearns Blvd, and landscaping, planters and colored concrete accenting of the corridor. Total project costs are expected to be around \$6.6 million. Approximately \$3.2 million of this cost is funded from general fund surplus, with the remainder coming from the Water Fund, Snyderville Basin Water Reclamation District and walkability general obligation bond proceeds.

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, 2010. 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-three consecutive years, fiscal years 1987-2010. 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 and most recently 2009. In order to qualify for the award program, the City's budget document was judged to be 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,


Thomas B. Bakaly - City Manager


Lori W. Collett - Finance Manager

PARK CITY MUNICIPAL CORPORATION, UTAH

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

MAYOR AND CITY COUNCIL AS OF JUNE 30, 2011

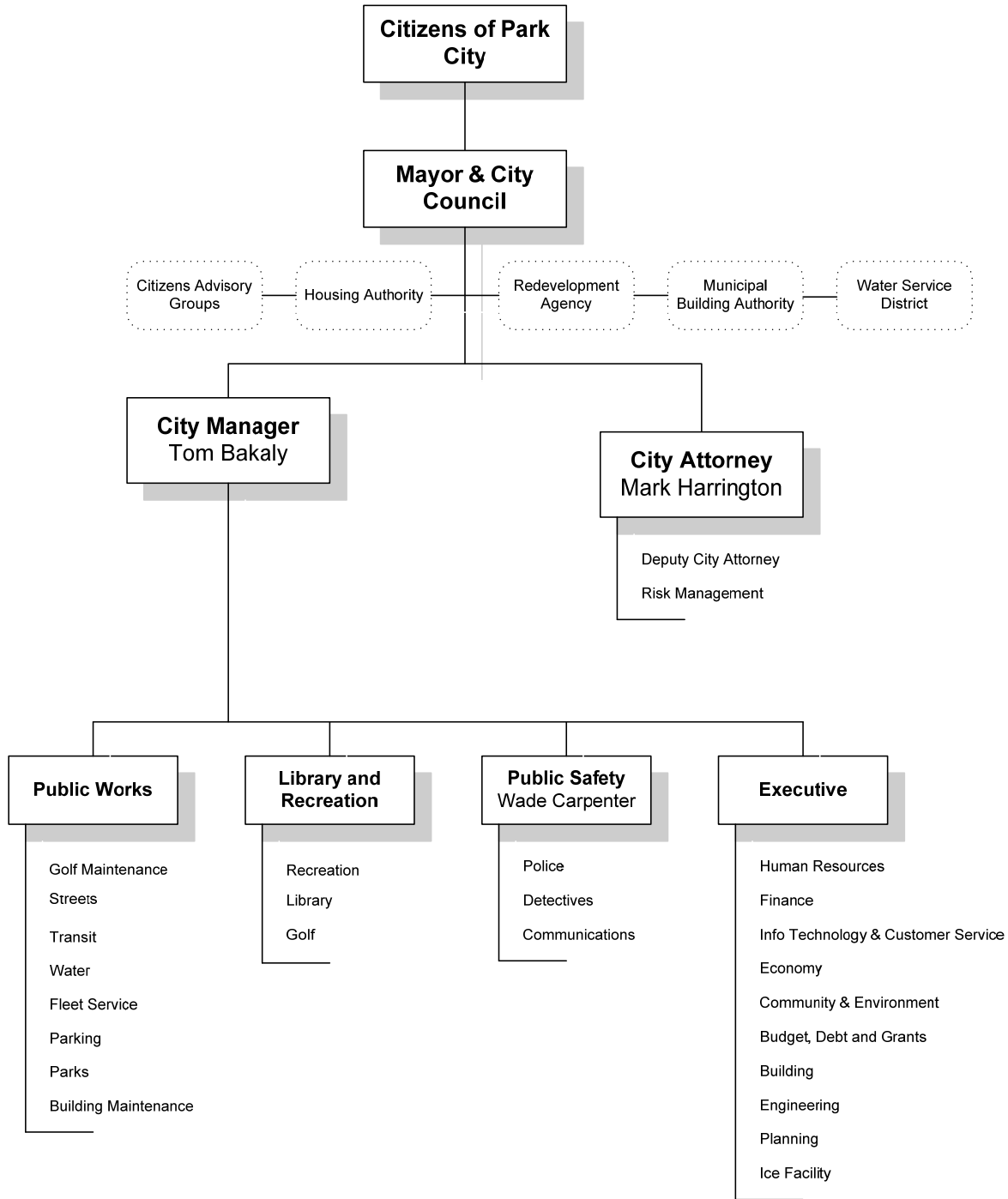
Name	Term Expires
Mayor	
Dana Williams <i>2384 Doc Holiday Drive Park City, Utah 84060</i>	January 2014
Councilors	
Alex Butwinski <i>23 Ashley Court Park City, Utah 84060</i>	January 2014
Cindy Matsumoto <i>PO Box 4647 2816 Silver Cloud Drive Park City, Utah 84060</i>	January 2014
Dick Peek <i>750 River Birch Court Park City, Utah 84060</i>	January 2012
Joe Kernan <i>PO Box 680182 1970 Stryker Avenue Park City, Utah 84068</i>	January 2012
Liza Simpson <i>PO Box 1468 510 Main Street Apt B Park City, Utah 84060</i>	January 2012

Thomas B. Bakaly, City Manager
Mark Harrington, City Attorney
Lori W. Collett, Finance Manager

PARK CITY MUNICIPAL CORPORATION, UTAH

ORGANIZATIONAL CHART

FY 2011



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

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Park City Municipal Corporation
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

P B T K

**PIERCY BOWLER
TAYLOR & KERN**

Certified Public Accountants
Business Advisors

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

Honorable Mayor, City Council and Management
Park City Municipal Corporation

We have audited the accompanying financial statements of the governmental activities, 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

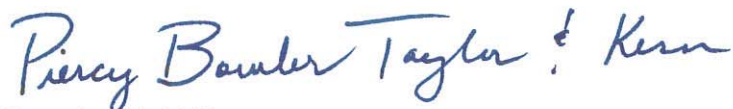
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011, 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* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 4 through 21 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, therefore, express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are 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 express no opinion on them.



December 15, 2011

Park City Municipal Corporation



PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2011

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, 2011. 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 assets (the amount by which assets exceed liabilities) as of June 30, 2011, were \$250,351,325. Of this amount, \$50,764,605 (unrestricted net assets) is available to meet ongoing financial obligations.
- The City's government-wide net assets increased by \$7,824,024. Of this amount, business-type activities increased by \$4,777,657, a rise of 7.0 percent, and the governmental activities increased by \$3,046,367 a rise of 1.7 percent when compared to last fiscal year.
- The City's governmental funds reported a combined ending fund balance of \$44,806,034 a decrease of \$5,066,830 (10.2 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 a decrease in restricted fund balance for capital projects and debt service funds. Restricted general obligation bond funds were used to pay for several large dollar construction projects in fiscal year 2011. Of the combined total fund balance, \$4,209,020 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, 2011, totaled \$4,209,020 and is 19.3 percent of the General Fund total revenues for the year and 9.4 percent of total governmental fund balance.
- The City's total debt had a net decrease of \$8,038,796 during fiscal year 2011. This represents an 8.2 percent decrease over the prior year, which is attributable to the effect of the normal reduction in principal balances from required debt service payments offset by the issuance of \$1,525,000 in Series 2010 Sales Tax Revenue and Refunding Bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The **Statement of Net Assets** includes all of the City's assets and liabilities, and the resulting difference between the assets and liabilities, or net assets. Net assets (and the related change in net assets 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 assets 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 assets 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 some time later.

There are two distinct types of activities reflected in the government-wide statements, i.e. governmental activities, and business-type activities. Governmental activities are those supported primarily by taxes and intergovernmental revenues, while business-type activities are those in which all costs (or at least a significant portion of costs) are intended to be recovered through user fees and charges. The governmental activities for Park City Municipal Corporation include General Government (Council, Mayor, City Attorney, Human Resources, Technical and Customer Services, Budget, Debt and Grants,

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

Building, Economy, Community and Environment, Planning, Engineering, Finance, Quinn's Recreation Complex and Non-departmental); Public Safety (Police and Communications Center); Public Works (Streets, Snow Removal, Parks, Building Maintenance); Library and Recreation. The business-type activities include Water, Transportation and Parking, and Golf.

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

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

Governmental Funds – At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation, between the two types of statements is necessary to understand how the numbers differ. Such reconciliations are provided for the reader on pages 30 and 32. The City has three governmental type funds. These are the general fund, the debt service funds and the capital projects funds. Five of these are considered major funds: General Fund, Sales Tax Revenue and Refunding Debt Service Fund, Park City General Obligation Debt Service Fund, Capital Projects Improvement Fund and Lower Park Avenue Redevelopment Agency Capital Projects Improvement Fund. The basic governmental fund financial statements can be found on pages 29-33 of this report. A summary of other funds (nonmajor funds) is combined into one "Other Governmental Funds" column. The composition of the nonmajor funds is shown in combining statements later in the report in the supplementary information section on pages 81-90.

- The **General Fund** is used to account for all financial resources of the City that are not accounted for by a separate specialized fund. More specifically, the general fund is used to account for ordinary operations such as collection of tax revenues and general government expenditures. The City adopts an annual appropriated budget for the general fund. On page 33, a budgetary comparison statement has been provided for the general fund to demonstrate budgetary compliance.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

- ***Debt Service Funds*** are used to account for the accumulation of resources for the payment of general obligation bonds, special assessment bonds, sales tax revenue and refunding bonds, and tax increment bonds issued by the Lower Park Avenue Redevelopment Agencies (RDA). Therefore, this fund is set up to accumulate the resources used to pay both the interest and principal on bond debt.
- ***Capital Projects Funds*** are used to account for financial resources to be used for the acquisition or construction of major capital improvements. These funds do not account for capital improvements financed by the proprietary funds.

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

- ***Enterprise Funds*** are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City currently operates enterprise funds for the City-owned water system, public transportation system (bus and trolley system), paid parking system and golf course.
- ***Internal Service Funds*** are used to account for the central financing of goods or services provided to various departments of the City or other governments on a cost-reimbursement basis. The City currently has two internal service funds. The Fleet Services Fund provides vehicle storage, repair, and maintenance. The Self-Insurance Fund was established to allow the City to supplement its regular insurance coverage. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The combining statements for internal service funds can be found on pages 92-94 of this report.

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

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets – The following table presents summary information from the Statement of Net Assets for the years ended June 30, 2011 and 2010.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		<u>Total %</u> <u>Change</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
Current and other assets	\$ 71.0	\$ 81.2	\$ 31.2	\$ 43.2	\$ 102.2	\$ 124.4	-17.8%
Capital assets	178.6	169.9	86.2	70.5	264.8	240.4	10.1%
Total assets	<u>249.6</u>	<u>251.1</u>	<u>117.4</u>	<u>113.7</u>	<u>367.0</u>	<u>364.8</u>	<u>0.6%</u>
Long-term debt	49.7	56.2	41.9	43.6	91.6	99.8	-8.2%
Other liabilities	22.1	20.2	2.9	2.3	25.0	22.5	11.1%
Total liabilities	<u>71.8</u>	<u>76.4</u>	<u>44.8</u>	<u>45.9</u>	<u>116.6</u>	<u>122.3</u>	<u>-4.7%</u>
Net assets							
Invested in capital assets, net of related debt	133.9	126.2	51.2	45.5	185.1	171.7	7.8%
Restricted	4.5	8.4	9.9	22.1	14.4	30.5	-52.8%
Unrestricted	39.3	40.1	11.5	0.2	50.8	40.3	26.1%
Total net assets	<u>\$ 177.7</u>	<u>\$ 174.7</u>	<u>\$ 72.6</u>	<u>\$ 67.8</u>	<u>\$ 250.3</u>	<u>\$ 242.5</u>	<u>3.2%</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2011, the City's assets exceeded liabilities by approximately \$250.3 million (net assets), compared to \$242.5 million at June 30, 2010. This would indicate an improved financial position in comparison to last fiscal year. Approximately 74.0 percent at June 30, 2011, and 70.8 percent at June 30, 2010, of these amounts are represented by the investment in capital assets, net of 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. Further, even though the presentation here shows capital assets net of related debt, it should be understood that the repayment of this debt does not come from the capital assets themselves, but comes from other resources. The increase in the City's investment in capital assets net of related debt of \$13.4 million was due to the net of routine acquisition of capital assets, repayments of the related debt, depreciation expense and spending of bond proceeds held with fiscal agent which are not considered to be part of capital assets until spent on a project.

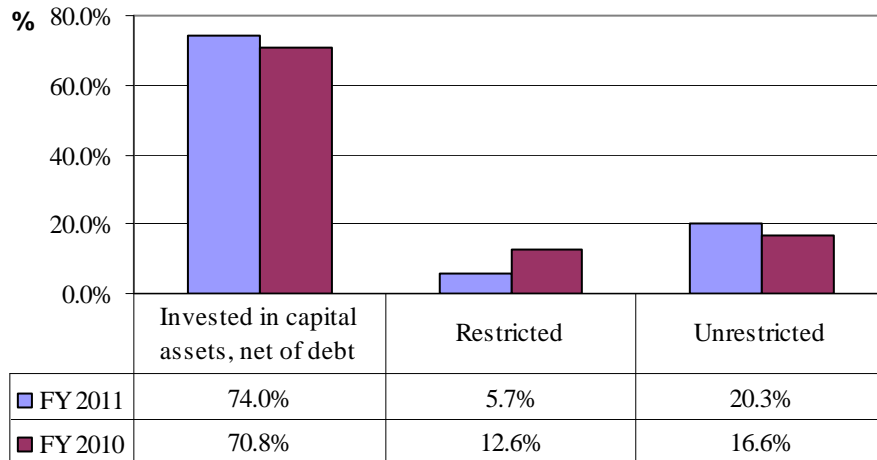
**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011**

Restricted net assets of \$14.4 million at June 30, 2011, and \$30.5 million at June 30, 2010, represent resources that are subject to external restrictions on how they may be used. The decrease in restricted net assets of \$16.1 million reflects the net of the decrease of \$14.8 million in restricted net assets due to the drawdown of cash with fiscal agent spent on construction of capital assets combined with a decrease in water development fees of \$1.3 million. Water development fees are charged to new customers to pay for the cost of increasing the capacity of the water system and are legally restricted for that purpose.

The other sub-classification of net assets is unrestricted. The balance of approximately \$50.8 million at June 30, 2011, 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. The increase from last fiscal year is the result of an increase in ongoing revenues such as property taxes, sales taxes and charges for services.

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

**Park City Municipal Corporation
Net Asset Percentage
June 30, 2011 and 2010**



PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

Changes in Net Assets - As taken from the Statement of Activities, the following table depicts the changes in net assets for fiscal years 2011 and 2010.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total % Change</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
Revenues							
Program Revenues							
Charges for services	\$ 3.0	\$ 2.8	\$ 12.8	\$ 12.1	\$ 15.8	\$ 14.9	6.0%
Operating grants and contributions	0.1	0.1	-	3.2	0.1	3.3	-97.0%
Capital grants and contributions	0.6	8.8	6.4	4.5	7.0	13.3	-47.4%
General Revenues							
Property Tax	17.0	15.9	-	-	17.0	15.9	6.9%
Other Taxes	11.9	11.3	3.5	3.1	15.4	14.4	6.9%
Investment earnings	0.4	0.8	0.4	0.3	0.8	1.1	-27.3%
Other	1.1	-	0.6	1.5	1.7	1.5	13.3%
Total revenues	34.1	39.7	23.7	24.7	57.8	64.4	-10.2%
Expenses							
General government	13.9	15.4	-	-	13.9	15.4	-9.7%
Public safety	4.5	4.4	-	-	4.5	4.4	2.3%
Public works	7.5	8.2	-	-	7.5	8.2	-8.5%
Library and recreation	3.2	3.3	-	-	3.2	3.3	-3.0%
Interest on long-term debt	2.0	2.2	-	-	2.0	2.2	-9.1%
Water	-	-	9.2	9.2	9.2	9.2	0.0%
Transportation and parking	-	-	8.4	9.4	8.4	9.4	-10.6%
Golf course	-	-	1.3	1.2	1.3	1.2	8.3%
Total expenses	31.1	33.5	18.9	19.8	50.0	53.3	-6.2%
Change in net assets	3.0	6.2	4.8	4.9	7.8	11.1	-29.7%
Net assets beginning	174.7	168.5	67.8	62.9	242.5	231.4	4.8%
Net assets ending	<u>\$ 177.7</u>	<u>\$ 174.7</u>	<u>\$ 72.6</u>	<u>\$ 67.8</u>	<u>\$ 250.3</u>	<u>\$ 242.5</u>	<u>3.2%</u>

Net assets increased from governmental activities in fiscal year 2011 approximately \$3.0 million and \$6.2 million in fiscal year 2010. The increase is primarily due to increased charges for services, increased property tax, sales and resort tax. Expenses for governmental activities were lower with a decrease of \$2.4 million. This is mainly due to decreases in materials, supplies and miscellaneous contract services.

Net assets increased \$4.8 million in fiscal year 2011 and increased \$4.9 million in 2010 for business-type activities. The revenues for business-type activities increased in charges for services due to the increase in water service fees of 8.0 percent on July 1, 2010. Capital grants and contributions increased by \$1.9 million due to an increase in federal grants for the construction of the Iron Horse Transit Operations Facility.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

Revenues – For the year ended June 30, 2011, the City’s government-wide total revenues are approximately \$57.8 million as compared to the prior year total revenues of \$64.4 million. Key elements of this change were as follows:

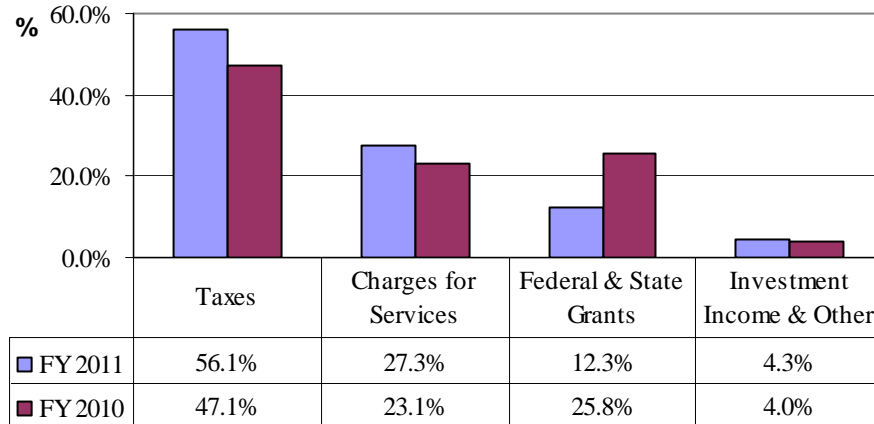
- Of the City’s total revenues, approximately 56.1 percent in fiscal year 2011 and 47.1 percent in fiscal year 2010 resulted from taxes (a little over half of which is from property taxes) as shown in the following table:

Park City Municipal Corporation			
(in millions of dollars)			
	Government-wide		
	Tax Revenues		
	2011	2010	Total %
			Change
Property tax, levied for general purposes	\$ 12.4	\$ 11.9	4.20%
Property tax, levied for debt service	4.6	4.0	15.00%
General sales and use tax	7.5	7.1	5.63%
Franchise tax	2.9	2.8	3.57%
Resort tax	5.0	4.5	11.11%
Total	<u>\$ 32.4</u>	<u>\$ 30.3</u>	<u>6.93%</u>

- Charges for services increased in fiscal year 2011 approximately \$0.9 million and increased from 23.1 percent of total revenues in fiscal year 2010 to 27.3 percent in fiscal year 2011. The \$0.9 million increase is due to increased collection of building permits, business licenses, ice facility recreation fees and water service fees.
- Operating and capital contributions and grants decreased to 12.3 percent of total revenues in fiscal year 2011 as compared to 25.8 percent in fiscal year 2010. This was a result of a decrease in federal operating grants in the business type activities combined with a decrease in infrastructure contributed by developers in the governmental activities.
- Investment and other income, which is a combination of interest earnings and changes in the fair value of investments, and other miscellaneous income sources increased to 4.3 percent of total revenues in fiscal year 2011 from 4.0 percent in fiscal year 2010, primarily due to a gain on sale of assets.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

Government-Wide Revenues by Source
June 30, 2011 and 2010



Expenses - The City's government-wide total expenses cover a range of services. For the year ended June 30, 2011, the City's total expenses are \$50.0 million compared to the prior year of \$53.3 million. Of the \$3.3 million decrease, general government expenses decreased \$1.5 million, public safety increased \$0.1 million, public works decreased \$0.7 million, library and recreation decreased \$0.1 million, interest on long-term debt decreased \$0.2 million. Business-type activities decreased \$0.9 million.

Governmental Activities:

Revenue Highlights:

- Taxes comprise the largest source of revenue for the City's governmental activities: Approximately \$28.9 million or 84.8 percent in fiscal year 2011 and \$27.2 million or 68.5 percent in fiscal year 2010 of total revenues from governmental activities. The \$1.7 million increase is from general property tax, property tax levied for debt, and other taxes. Of total taxes, real property taxes are approximately \$17.0 million (58.8 percent) in fiscal year 2011 and \$15.9 million (58.5 percent) in fiscal year 2010.
- Charges for services increased to \$3.0 million or 8.8 percent of total revenues in fiscal year 2011 from \$2.8 million or 7.1 percent of total revenues in fiscal year 2010. Most of the increase in 2011 was a result of collecting more in building permits and ice facility recreation fees.
- Grant and contribution revenue represents approximately \$0.7 million or 2.1 percent in fiscal year 2011 and \$8.9 million or 22.4 percent in fiscal year 2010 of total revenues. The \$8.2 million decrease was the result of a decrease in capital grants and contributions due to the City not receiving any developer donated assets.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

Expense Highlights:

- General government expenses of approximately \$13.9 million in fiscal year 2011 and \$15.4 million in fiscal year 2010 represented 44.7 percent in fiscal year 2011 and 46.0 percent in fiscal year 2010 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, Quinn's Recreation Complex and Non-departmental.
- Public Works, accounted for approximately \$7.5 million or 24.1 percent in fiscal year 2011 and \$8.2 million or 24.5 percent in fiscal year 2010 of total expenses. The \$0.7 million decrease in expenses in 2011 was primarily a result of the elimination of the public works administration functions combined with decreases in materials and supplies and miscellaneous contract services.
- Public Safety expenses were \$4.5 million or 14.5 percent in fiscal year 2011 and \$4.4 million or 13.1 percent in fiscal year 2010. The \$0.1 million increase is due to increased payroll, retirement and health care costs.
- Library and Recreation expenses were \$3.2 million or 10.3 percent in fiscal year 2011 and \$3.3 million or 9.9 percent in fiscal year 2010. The \$0.1 million decrease is due to decreased materials, supplies and services and miscellaneous contract services.

As a result, total net expenses that were funded by general revenues were \$27.3 million. Tax revenues of \$28.9 million were sufficient to fund net expenses in fiscal year 2011.

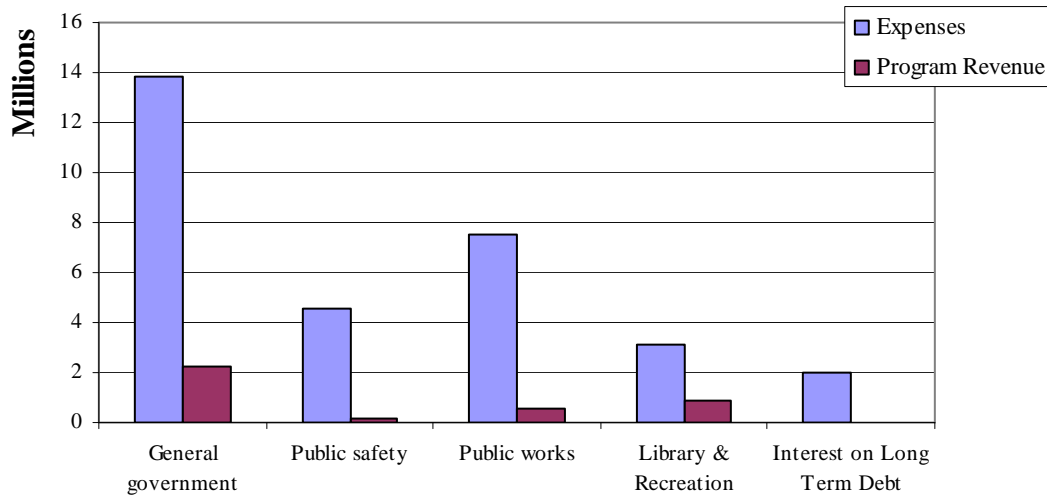
The following presents the costs and net costs (total cost less fees generated by the activities and intergovernmental aid) of the City's programs:

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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
General government	\$ 13.9	\$ 15.4	\$ 11.6	\$ 5.6	107.1%
Public safety	4.5	4.4	4.4	4.3	2.3%
Public works	7.5	8.2	7.0	7.6	-7.9%
Library and recreation	3.2	3.3	2.3	2.0	15.0%
Interest on long term debt	2.0	2.2	2.0	2.2	-9.1%
Total	<u>\$ 31.1</u>	<u>\$ 33.5</u>	<u>\$ 27.3</u>	<u>\$ 21.7</u>	<u>25.8%</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

Expense and Program Revenue-Governmental Activities*
FY 2011



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

Business-type Activities:

The City's business-type activities increased net assets by \$4.8 million. Key elements of this increase were as follows:

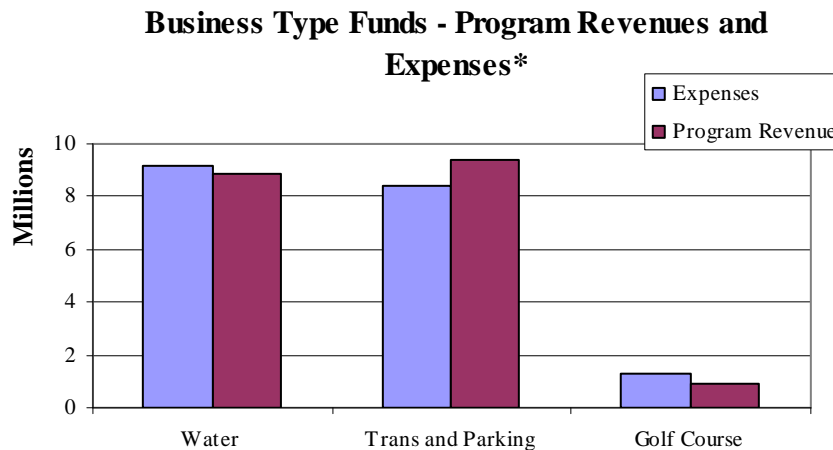
Revenue Highlights:

- Charges for services for business-type activities increased approximately \$0.7 million in fiscal year 2011. Charges for transit services decreased \$0.3 million due to decreased regional transit revenue as a result of cutting bus routes this past winter to The Canyons Ski Resort in Summit County. Charges for water services increased \$1.0 million due to an 8.0 percent increase in water rates on July 1, 2010.
- Operating and capital grants and contributions decreased by \$1.3 million from fiscal year 2010 to fiscal year 2011. The \$1.1 million decrease in the Transportation Fund was due to a decrease in operating grants offset by increased capital grants to build the Iron Horse Transit Operations Facility. The \$0.2 million decrease in the Water Fund was primarily attributable to decreased collection of water development fees.
- General sales and use tax increased by \$0.2 million and transit resort tax increased \$0.2 million from fiscal year 2010 to fiscal year 2011. In fiscal year 2011, an increase in visitors to Park City increased sales and resort tax.
- Investment earnings increased \$0.1 million in the water fund. This increase is primarily a result of capitalized interest on tax-exempt debt used for the acquisition and construction of capital assets. Interest expense on the amount borrowed exceeded interest income earned on the proceeds of the debt that was temporarily invested.

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011**

Expense Highlights:

- Salaries and benefits increased by \$0.2 million in 2011. The Transportation and Parking Fund and the Golf Fund accounted for almost all of this increase.
- Supplies, maintenance and services decreased by \$1.6 million in fiscal year 2011. The \$0.5 million decrease in the Water Fund was due to decreased purchase of supplies and water tunnel maintenance. The \$1.1 million decrease in the Transportation and Parking Fund was due to a transit contribution made to Summit County in fiscal year 2010 but not in fiscal year 2011. A slight increase in the Golf Fund was due to increased expenses for miscellaneous contract services in the golf pro shop.
- Energy and utilities increased by a little over \$0.2 million in fiscal year 2011. This is a result of increased diesel fuel cost in the Transportation and Parking Fund in comparison to fiscal year 2010.



*See Page 25

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources available for appropriation. Such information is useful in assessing the City's financing requirements. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard which the City implemented in fiscal year 2011 has substantially changed the categories and terminology used to describe the components of fund balance. As of June 30, 2010 the City categorized fund balances in the Balance Sheet as reserved and unreserved. GASB

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

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, 2011 and 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 the City's implementation of GASB Statement No. 54 is presented in Note A, Section 5, on pages 47-48 and Note A, Section 7, page 50.

As of June 30, 2011, the aggregate fund balance of the City's governmental funds was \$44.8 million, a decrease of \$5.1 million in comparison with the fiscal year ended June 30, 2010. In fiscal year 2011, approximately \$4.2 million or 9.4 percent of this amount is in unassigned (fiscal year 2011 terminology) fund balance. In fiscal year 2010, approximately \$11.6 million or 23.3 percent of aggregate fund balance is unreserved, undesignated fund balance (fiscal year 2010 terminology). Unassigned and unreserved, undesignated fund balance categories are available for appropriation by the City Council at their discretion.

Restricted (fiscal year 2011 terminology) fund balance and reserved (fiscal year 2010 terminology) fund balance which have externally enforceable limitations on use and are not available for new spending are approximately \$4.5 million in fiscal year 2011 and \$8.4 million in fiscal year 2010.

The remainder of the fund balance of \$36.1 million is assigned. Of the \$36.1 million assigned fund balance, \$34.5 million is assigned to capital projects and \$1.6 million is assigned to debt service. In fiscal year 2010 unreserved, designated fund balance was approximately \$29.9 million and was designated \$28.6 million to capital projects and \$1.3 million to debt service.

The General Fund is the principal operating fund of the City. Utah State code establishes a 5.0 percent minimum (\$1,225,675) and an 18.0 percent maximum (\$4,412,431) limit to the amount that may be accumulated as the fund balance in the General Fund. As of June 30, 2011 the unassigned fund balance of the General Fund was \$4,209,020 and was \$203,411 below the 18.0 percent limit. The unassigned fund balance increased by \$314,048 in 2011. The unreserved, undesignated fund balance in fiscal year 2010 increased \$147,676.

As of June 30, 2011, the restricted fund balance in the Capital Improvements Fund was \$3.8 million and the assigned fund balance was \$23.2 million. In fiscal year 2010 the reserved fund balance was \$6.6 million and unreserved, designated and unreserved, undesignated fund balances combined were \$27.5 million. The \$2.8 million decrease in restricted fund balance and the \$4.3 million decrease in assigned fund balance resulted from capital outlay spending of bond proceeds and other revenue sources.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

As of June 30, 2011, the assigned fund balance in the Lower Park Avenue Redevelopment Agency Capital Projects Fund was \$7.9 million. In fiscal year 2010 the unreserved, designated and unreserved, undesignated fund balances combined were \$5.7 million. The \$2.2 million increase in assigned fund balance resulted from reduced capital outlay in fiscal year 2011 as compared to fiscal year 2010.

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 assets of the City's enterprise funds totaled approximately \$72.4 million at June 30, 2011, as compared to \$68.0 million at the end of fiscal year 2010. Net assets at the end of fiscal year 2011 and 2010 for each of these funds were:

Park City Municipal Corporation
Proprietary Funds

<u>Fund</u>	<u>Amount</u>		<u>Change</u>
	<u>2011</u>	<u>2010</u>	
Water	\$ 36,830,923	\$ 36,458,236	\$ 372,687
Transportation and parking	32,115,138	27,863,465	4,251,673
Golf course	3,466,802	3,659,938	(193,136)
Total	<u>\$ 72,412,863</u>	<u>\$ 67,981,639</u>	<u>\$ 4,431,224</u>

The net increase in net assets from the prior year was \$4.4 million as compared to an increase of \$4.9 million in fiscal year 2010. Operating revenues increased \$0.7 million as compared to an increase of \$0.4 million in fiscal year 2010. The Water Fund operating revenues increased \$1.0 million due to increased water fees from a rate increase of 8.0 percent effective July 1, 2010. The Transportation Fund operating revenues decreased \$0.3 million mainly due to a decrease in regional transit revenue as a result of cutting bus routes this past winter in Summit County. The Golf Fund operating revenues increased minimally due to more golf fees, pass and cart fees.

Transportation Fund net assets invested in capital assets net of related debt increased by \$4.5 million in fiscal year 2011 primarily due to increased accumulated depreciation and routine acquisition and disposition of capital assets including the construction in progress of a new Iron Horse Transit Operations Facility. Unrestricted net assets decreased approximately \$0.2 million primarily due to decreased regional transit revenue.

Water Fund net assets invested in capital assets increased by \$1.3 million, restricted net assets decreased \$12.2 million and unrestricted net assets increased by \$11.2 million resulting in a net increase of total net assets of \$0.3 million. The increase in net assets invested in capital assets net of related debt was due to the net of acquisition of capital assets, repayment of related debt, depreciation expense and spending of bond proceeds held with fiscal agent that are not attributable to capital assets until spent on a project. Restricted net assets decreased due to the drawdown of cash with fiscal agent spent on construction of capital assets combined with a decrease in water development fees.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

Golf Fund net assets invested in capital assets net of related debt decreased by less than \$0.1 million due to the net of the acquisition of capital assets and depreciation expense. Unrestricted net assets decreased \$0.1 million due to increased salaries and benefits and materials and supplies.

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% 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 \$0.8 (net increase) can be briefly summarized as follows:

- \$1.3 million increase in general government resulting from appropriations for insurance, miscellaneous contract and professional services. Corresponding revenue sources offset some of these expenditures.
- \$0.2 million decrease to the public safety department is the removal of vacancy factor in conjunction with increases in miscellaneous contract services and increased transfers to the fleet fund because of higher fuel and vehicle maintenance costs.
- \$0.3 million decrease to the library and recreation department from the removal of the vacancy factor.

Total actual expenditures came in \$1.1 million below the final budget. All departments kept within their legal spending authority. The differences between actual and the final budget can be briefly summarized as follows:

- The final budget was \$0.7 million more than the actual expenditures in general government. This variance is attributable from spending coming in under budget in materials, supplies and meetings, conference and travel.
- The final budget was \$0.1 million more than the actual expenditures of the public safety department. This variance is attributable to coming in under budget in miscellaneous contract services, uniforms, recruitment and communications radios.
- The final budget was \$0.2 million more than the actual expenditures of the public works department. This variance is attributable to coming in under budget in overtime, materials, supplies and services, meetings, conference, and travel and utilities.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

- The final amended budget was \$0.1 million more than the actual expenditures of the library and recreation department. The variance is attributable to coming in under budget in miscellaneous contract services and equipment purchases.

Actual revenues of \$21.8 million exceeded final budgeted revenues of \$21.7 million by \$0.1 million. Delinquent and prior year property tax and resort tax collections exceeded their budgets. See Note L-Budget Reconciliation on page 74 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 \$259.2 million (net of \$132.1 million accumulated depreciation) at June 30, 2011, as compared to \$240.4 million (net of \$125.4 million accumulated depreciation) at June 30, 2010. 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, 2011 included:

Governmental Activities:

- \$1.8 million State Road 248 pedestrian tunnel
- \$0.9 million Creekside neighborhood park
- \$0.7 million Holiday Ranch Loop Road improvements
- \$0.4 million Sandridge Avenue reconstruction
- \$0.3 million China Bridge restoration and resurfacing

Business-type Activities:

- \$6.5 million Rail Trail water lines and infrastructure
- \$1.5 million Promontory raw water pipeline
- \$1.5 million Boothill transmission lines
- \$0.2 million Holiday Ranch Loop Road water line
- \$0.2 million Glaval Titan shuttle bus

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		<u>Total %</u> <u>Change</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
Land and water rights	\$ 94.0	\$ 94.1	\$ 20.3	\$ 20.3	\$ 114.3	\$ 114.4	-0.1%
Infrastructure	95.9	92.8	-	-	95.9	92.8	3.3%
Buildings	27.1	27.3	6.8	6.8	33.9	34.1	-0.6%
Art	0.4	0.4	0.1	0.1	0.5	0.5	0.0%
Improvements other than buildings	32.8	31.4	57.9	47.9	90.7	79.3	14.4%
Vehicles and equipment	9.2	9.4	13.1	13.6	22.3	23.0	-3.0%
Construction in progress	6.8	2.7	21.9	13.9	28.7	16.6	72.9%
Intangibles	5.1	5.1	-	-	5.1	5.1	0.0%
Accumulated depreciation	(98.3)	(93.3)	(33.9)	(32.1)	(132.2)	(125.4)	5.4%
Total Assets	<u>\$ 173.0</u>	<u>\$ 169.9</u>	<u>\$ 86.2</u>	<u>\$ 70.5</u>	<u>\$ 259.2</u>	<u>\$ 240.4</u>	<u>7.8%</u>

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

Long-term Debt: At June 30, 2011, the City had \$90.8 million in bonds and contracts payable, a decrease of 8.4 percent from fiscal year 2010. Of this amount \$36.5 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 \$54.3 million.

The City's general obligation bonds are rated Aa1 by Moody's and AA by Standard and Poor's and AA+ by Fitch. Standard and Poor's has assigned a rating of "A+" to the Series 2005 and 2010 Sales Tax Bonds. The City's revenue bonds are rated Aa3 by Moody's and AA by Standard and Poor's. The City's long-term obligations for the fiscal years 2011 and 2010 were as follows:

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		<u>Total %</u> <u>Change</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
Contracts payable	\$ 0.4	\$ 0.5	\$ -	\$ -	\$ 0.4	\$ 0.5	-20.0%
General obligation bonds	36.5	39.8	-	-	36.5	39.8	-8.3%
Revenue bonds	12.2	15.4	41.7	43.4	53.9	58.8	-8.3%
Total Assets	<u>\$ 49.1</u>	<u>\$ 55.7</u>	<u>\$ 41.7</u>	<u>\$ 43.4</u>	<u>\$ 90.8</u>	<u>\$ 99.1</u>	<u>-8.4%</u>

The State of Utah mandates a general obligation debt limit to 4.0 percent of total assessed value of \$6,845,702,242. The current limitation for the City is \$273,828,090, which is significantly in excess of the City's outstanding general obligation debt. The City's net

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2011

debt subject to this limitation was \$36,135,000 or 0.53 percent of total assessed value leaving the amount available for future indebtedness at \$237,693,090. See Schedule 17 on page 115 of this report.

More detailed information about the City's long-term liabilities is presented in Note E-Long-term Obligations on pages 60-70 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 6.6 percent compared with the State unemployment rate of 7.4 percent, and a national rate of 9.2 percent. This compares with a rate of 7.1 percent for Summit County in 2010. (Sources: Utah Dept of Workforce Services and Bureau of Labor Statistics)
- The fiscal year 2012 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 2012 compared with the fiscal year just ended except that water user rates were increased by 12.0 percent in the Water Fund effective July 1, 2011. The City anticipates rate increases each year over the next several years in order to provide adequate working capital necessary to maintain the water system, pay debt service and comply with the rate-covenant contained in the City's water revenue bond issue.

Contacting City Management

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

BASIC FINANCIAL STATEMENTS

Park City Municipal Corporation, Utah
Statement of Net Assets
June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments	\$ 43,932,246	\$ 18,380,584	\$ 62,312,830
Cash, cash equivalents and investments held by fiscal agent	713,401	7,692,534	8,405,935
Receivables:			
Taxes	19,490,763	329,973	19,820,736
Accounts	273,309	1,712,663	1,985,972
Notes	2,114,564	-	2,114,564
Internal balances	(173,107)	173,107	-
Inventories	192,557	289,795	482,352
Prepays	13,333	-	13,333
Cash, cash equivalents and investments-restricted	3,778,690	2,213,200	5,991,890
Land held for resale	5,500,610	-	5,500,610
Capital assets not being depreciated:			
Land and water rights	94,018,407	20,270,189	114,288,596
Construction in progress	6,781,843	21,850,561	28,632,404
Art	370,057	109,214	479,271
Capital assets (net of accumulated depreciation):			
Buildings	20,385,939	3,136,782	23,522,721
Improvements other than buildings	19,128,710	33,644,873	52,773,583
Vehicles and equipment	3,967,468	7,136,854	11,104,322
Infrastructure	23,400,034	-	23,400,034
Intangibles	5,004,772	-	5,004,772
Unamortized bond issuance costs	<u>677,534</u>	<u>443,584</u>	<u>1,121,118</u>
Total assets	<u>\$ 249,571,130</u>	<u>\$ 117,383,913</u>	<u>\$ 366,955,043</u>

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

Park City Municipal Corporation, Utah
Statement of Net Assets
June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	\$ 2,451,238	\$ 1,999,175	\$ 4,450,413
Accrued liabilities	2,085,218	935,968	3,021,186
Unearned revenue	17,546,341	-	17,546,341
Long-term debt due within one year:			
Compensated absences	295,203	79,016	374,219
Contract payable	69,656	-	69,656
General obligation bonds	3,325,000	-	3,325,000
Revenue bonds	2,029,981	1,591,000	3,620,981
Long-term debt due in more than one year:			
Compensated absences	300,607	107,202	407,809
Contract payable	334,933	-	334,933
General obligation bonds	33,210,828	-	33,210,828
Revenue bonds	10,179,909	40,062,443	50,242,352
Total liabilities	71,828,914	44,774,804	116,603,718
NET ASSETS			
Invested in capital assets, net of related debt	133,919,927	51,237,710	185,157,637
Restricted for:			
Debt service	1,489	3,787,732	3,789,221
Water development	-	2,213,200	2,213,200
Capital projects	4,490,602	3,904,802	8,395,404
Other	31,258	-	31,258
Unrestricted	39,298,940	11,465,665	50,764,605
Total net assets	\$ 177,742,216	\$ 72,609,109	\$ 250,351,325

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, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:					
Governmental activities:					
General government	\$ 13,876,694	\$ 1,959,149	\$ -	\$ 289,773	\$(11,627,772)
Public safety	4,523,175	2,700	120,164	16,529	(4,383,782)
Public works	7,539,516	219,843	-	336,726	(6,982,947)
Library and recreation	3,146,783	836,328	6,595	6,004	(2,297,856)
Interest on long-term debt	2,039,807	-	-	-	(2,039,807)
Total governmental activities	<u>31,125,975</u>	<u>3,018,020</u>	<u>126,759</u>	<u>649,032</u>	<u>(27,332,164)</u>
Business-type activities:					
Water	9,168,368	8,416,666	-	448,293	(303,409)
Transportation and parking	8,433,607	3,495,838	-	5,919,287	981,518
Golf course	1,291,645	878,237	-	-	(413,408)
Total business-type activities	<u>18,893,620</u>	<u>12,790,741</u>	<u>-</u>	<u>6,367,580</u>	<u>264,701</u>
Total primary government	<u>\$ 50,019,595</u>	<u>\$ 15,808,761</u>	<u>\$ 126,759</u>	<u>\$ 7,016,612</u>	<u>\$ (27,067,463)</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, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net assets:			
Net (expense) revenue	\$ (27,332,164)	\$ 264,701	\$ (27,067,463)
General revenues:			
Taxes:			
Property tax, levied for general purposes	12,442,798	-	12,442,798
Property tax, levied for debt service	4,570,315	-	4,570,315
General sales and use tax	3,966,554	3,503,440	7,469,994
Franchise tax	2,906,982	-	2,906,982
Resort tax	5,022,250	-	5,022,250
Investment earnings	399,928	438,221	838,149
Miscellaneous	1,022,968	402,326	1,425,294
Gain on sale of capital assets	215,705	-	215,705
Transfers	(168,969)	168,969	-
Total general revenues and transfers	<u>30,378,531</u>	<u>4,512,956</u>	<u>34,891,487</u>
Change in net assets	3,046,367	4,777,657	7,824,024
Net assets—beginning	<u>174,695,849</u>	<u>67,831,452</u>	<u>242,527,301</u>
Net assets—ending	<u>\$ 177,742,216</u>	<u>\$ 72,609,109</u>	<u>\$ 250,351,325</u>

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

Park City Municipal Corporation



GOVERNMENTAL FUND

FINANCIAL STATEMENTS

Major Funds

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

Debt Service - Sales Tax Revenue and Refunding Bonds Fund - Accounts for the accumulation of money for the repayment of the 2005A, 2005B and 2010 Sales Tax Revenue and Refunding Bonds.

Debt Service - Park City General Obligation Fund - Accounts for the accumulation of money for the repayment of the 2003, 2004, 2008, 2009 and 2010 General Obligation Bonds. The principal source of revenue is property tax.

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

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

Park City Municipal Corporation, Utah
Balance Sheet - Governmental Funds
June 30, 2011

	General	Debt Service -Sales Tax Revenue and Refunding	Debt Service - Park City General Obligation	Capital Projects - Capital Improvements Fund	Capital Projects - Lower Park Avenue Redevelop- ment Agency	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash, cash equivalents and investments	\$ 3,807,397	\$ 1,168,070	\$ 369,548	\$ 23,663,454	\$ 8,587,878	\$ 3,929,969	\$ 41,526,316
Cash, cash equivalents and investments held by fiscal agent	-	713,197	204	-	-	-	713,401
Receivables							
Taxes	10,121,447	-	4,661,349	-	2,747,376	1,300,000	18,830,172
Accounts	43,215	-	-	168,438	882	478	213,013
Notes	6,000	-	-	130,684	1,732,899	244,981	2,114,564
Interfund loan	-	-	-	23,139	-	-	23,139
Inventories	13,119	-	-	-	-	-	13,119
Deposits	-	-	-	13,333	-	-	13,333
Cash, cash equivalents and investments-restricted	-	-	-	3,778,690	-	-	3,778,690
Land and buildings held for resale	-	-	-	5,500,610	-	-	5,500,610
Total assets	\$ 13,991,178	\$ 1,881,267	\$ 5,031,101	\$ 33,278,348	\$ 13,069,035	\$ 5,475,428	\$ 72,726,357
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 463,698	\$ -	\$ 500	\$ 659,090	\$ 717,367	\$ 451,429	\$ 2,292,084
Accrued liabilities	443,586	-	-	-	-	-	443,586
Deferred revenue	8,843,616	-	4,661,349	5,654,432	4,480,275	1,544,981	25,184,653
Total liabilities	9,750,900	-	4,661,849	6,313,522	5,197,642	1,996,410	27,920,323
Fund balances:							
Restricted for:							
Capital projects	-	711,912	-	3,778,690	-	-	4,490,602
Debt service	-	1,285	204	-	-	-	1,489
Drug and tobacco enforcement	31,258	-	-	-	-	-	31,258
Assigned:							
Capital projects funds	-	-	-	23,186,136	7,871,393	3,479,018	34,536,547
Debt service funds	-	1,168,070	369,048	-	-	-	1,537,118
Unassigned	4,209,020	-	-	-	-	-	4,209,020
Total fund balances	4,240,278	1,881,267	369,252	26,964,826	7,871,393	3,479,018	44,806,034
Total liabilities and fund balances	\$ 13,991,178	\$ 1,881,267	\$ 5,031,101	\$ 33,278,348	\$ 13,069,035	\$ 5,475,428	\$ 72,726,357

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 Assets
June 30, 2011

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 44,806,034
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		173,057,230
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Taxes receivable	660,591	
Interest receivable	154,471	815,062
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 assets.		2,083,346
Certain items not accounted for as deferred under accrual accounting.		7,638,312
Pollution remediation liability not reported in the funds.		(1,384,500)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year-end consist of:		
Compensated absences	(556,650)	
Revenue bonds	(12,159,981)	
General obligation bonds	(36,135,000)	
Contracts payable	(404,589)	
Unamortized bond issue costs	677,534	
Deferred bond premiums and discounts	(450,737)	
Accrued interest on the bonds	(243,845)	(49,273,268)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		\$ 177,742,216

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, 2011

	General	Debt Service - Sales Tax Revenue and Refunding	Debt Service - Park City General Obligator	Capital Projects Capital Improvements Func	Capital Projects Lower Park Avenue Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes and special assessments	\$ 18,542,869	\$ -	\$ 4,570,315	\$ 2,000,000	\$ 2,577,316	\$ 1,249,086	\$ 28,939,586
Licenses and permits	1,067,438	-	-	-	-	-	1,067,438
Intergovernmental	136,693	-	-	639,098	-	-	775,791
Charges for services	1,526,455	-	-	-	-	-	1,526,455
Fines and forfeitures	28,833	-	-	-	-	-	28,833
Investment income	83,956	8,547	26,019	179,364	67,104	34,938	399,928
Impact fees	-	-	-	191,521	-	-	191,521
Rental and other miscellaneous	382,729	-	80,002	640,662	800	1,000,000	2,104,193
Total revenues	21,768,973	8,547	4,676,336	3,650,645	2,645,220	2,284,024	35,033,745
Expenditures							
Current							
General government	10,717,351	-	-	-	-	-	10,717,351
Public safety	4,266,143	-	-	-	-	-	4,266,143
Public works	4,422,633	-	-	-	-	-	4,422,633
Library and recreation	2,534,737	-	-	-	-	-	2,534,737
Capital outlay	-	-	-	10,908,052	1,066,777	873,053	12,847,882
Debt service							
Principal retirement	-	1,445,000	3,240,000	64,796	-	600,000	5,349,796
Interest	-	501,680	1,448,247	35,204	-	81,500	2,066,631
Bond issuance costs	-	51,663	-	-	-	-	51,663
Total expenditures	21,940,864	1,998,343	4,688,247	11,008,052	1,066,777	1,554,553	42,256,836
Excess (deficiency) of revenues over (under) expenditures	(171,891)	(1,989,796)	(11,911)	(7,357,407)	1,578,443	729,471	(7,223,091)
Other financing sources (uses)							
Payment to refunded bondholders	-	-	-	-	-	(2,655,000)	(2,655,000)
Refunding bonds issued	-	1,525,000	-	-	-	-	1,525,000
Premium on refunding bonds	-	33,592	-	-	-	-	33,592
Sale of capital assets	-	-	-	382,025	669,516	72,895	1,124,436
Transfers in	1,520,444	1,995,402	-	-	423,237	2,655,929	6,595,012
Transfers out	(1,003,247)	(1,505,929)	-	(134,366)	(450,000)	(1,373,237)	(4,466,779)
Total other financing sources (uses)	517,197	2,048,065	-	247,659	642,753	(1,299,413)	2,156,261
Net change in fund balances	345,306	58,269	(11,911)	(7,109,748)	2,221,196	(569,942)	(5,066,830)
Fund balances - beginning	3,894,972	1,822,998	381,163	34,074,574	5,650,197	4,048,960	49,872,864
Fund balances - ending	\$ 4,240,278	\$ 1,881,267	\$ 369,252	\$ 26,964,826	\$ 7,871,393	\$ 3,479,018	\$ 44,806,034

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, 2011

Net change in fund balances—total governmental funds		\$ (5,066,830)
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay	9,297,402	
Depreciation expense	<u>(5,633,236)</u>	3,664,166
<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>		
		(168,969)
<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>		
Eliminate proceeds of sale of assets	(1,124,436)	
Recognize gain (loss) on sale of assets	<u>215,705</u>	(908,731)
<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	(27,685)	
Interest receivable	12,715	
Note receivable	(600,000)	
Deferred revenue	<u>(345,198)</u>	(960,168)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Issuance of long-term debt	(1,525,000)	
Principal repayments on long-term debt	8,004,796	
Capitalization of bond issue costs	51,663	
Amortization of issuance costs	(97,229)	
Capitalization of premiums and discounts	(33,592)	
Amortization of bond premiums and discounts	<u>52,029</u>	6,452,667
<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>		
Accrued interest payable	26,824	
Compensated absences	<u>(13,938)</u>	12,886
<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 income of \$367,779 less amount allocated to business-type activities \$196,246 and reversal of prior year allocation \$150,187.</p>		
		<u>21,346</u>
Change in net assets of governmental activities		<u><u>\$ 3,046,367</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 Balances-Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
General property tax	\$ 7,539,000	\$ 8,174,000	\$ 8,062,762	\$ (111,238)
Delinquent prior years' taxes	400,000	400,000	584,321	184,321
General sales and use taxes	3,943,000	4,045,000	3,966,554	(78,446)
Franchise taxes	3,051,000	3,005,000	2,906,982	(98,018)
Resort taxes	3,125,000	2,925,000	3,022,250	97,250
Licenses and permits				
Business licenses	249,000	237,000	226,054	(10,946)
Building permits	575,000	752,000	747,878	(4,122)
Plan application fees	196,000	58,000	51,172	(6,828)
Building fees	215,000	17,000	22,977	5,977
Other	46,000	26,000	19,357	(6,643)
Intergovernmental				
Federal contribution	-	44,000	36,700	(7,300)
State liquor allotment	49,000	90,000	60,290	(29,710)
State contributions	9,000	48,000	39,703	(8,297)
Charges for services				
Recreational service fees	1,690,870	1,316,204	1,411,141	94,937
Reimbursable services	108,000	100,000	94,798	(5,202)
Cemetery fees and plot sales	28,000	13,000	15,220	2,220
Miscellaneous services	3,000	7,000	5,296	(1,704)
Fines and forfeitures	34,000	28,610	28,833	223
Miscellaneous	446,000	400,000	382,729	(17,271)
Investment income	477,000	26,000	83,956	57,956
Total revenues	<u>22,183,870</u>	<u>21,711,814</u>	<u>21,768,973</u>	<u>57,159</u>
Expenditures:				
General government	10,166,729	11,505,130	10,717,351	787,779
Public safety	4,515,069	4,340,188	4,266,143	74,045
Public works	4,686,616	4,654,174	4,422,633	231,541
Library and recreation	2,872,908	2,587,274	2,534,737	52,537
Total expenditures	<u>22,241,322</u>	<u>23,086,766</u>	<u>21,940,864</u>	<u>1,145,902</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(57,452)</u>	<u>(1,374,952)</u>	<u>(171,891)</u>	<u>1,203,061</u>
Other financing sources (uses)				
Transfers in	1,450,444	1,520,444	1,520,444	-
Transfers out	(1,003,247)	(1,003,247)	(1,003,247)	-
Total other financing sources	<u>447,197</u>	<u>517,197</u>	<u>517,197</u>	<u>-</u>
Net change in fund balances	389,745	(857,755)	345,306	1,203,061
Fund balance - beginning	2,943,061	3,857,621	3,894,972	37,351
Fund balance - ending	<u>\$ 3,332,806</u>	<u>\$ 2,999,866</u>	<u>\$ 4,240,278</u>	<u>\$ 1,240,412</u>

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

PROPRIETARY FUNDS

Major Funds

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

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

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

Park City Municipal Corporation, Utah
Statement of Net Assets
Proprietary Funds
June 30, 2011

Business-type Activities-Enterprise Funds

	Water Fund	Transportation and Parking Fund	Golf Course Fund	Total Enterprise Funds	Governmental Activities- Internal Service Funds
ASSETS					
Current assets:					
Cash, cash equivalents and investments	\$ 4,547,046	\$ 13,496,329	\$ 337,209	\$ 18,380,584	\$ 2,405,930
Cash, cash equivalents and investments held by fiscal agent	7,692,534	-	-	7,692,534	-
Taxes receivable	-	329,973	-	329,973	-
Accounts receivable	739,252	973,365	46	1,712,663	42,725
Cash, cash equivalents and investments-restricted	2,213,200	-	-	2,213,200	-
Inventories	214,648	24,556	50,591	289,795	179,438
Total current assets	15,406,680	14,824,223	387,846	30,618,749	2,628,093
Noncurrent assets:					
Capital assets:					
Land and water rights	17,693,589	1,748,149	828,451	20,270,189	-
Buildings	480,000	4,621,568	1,671,487	6,773,055	-
Improvements other than buildings	53,321,176	2,935,611	1,639,896	57,896,683	-
Art	-	109,214	-	109,214	-
Vehicles and equipment	1,284,052	10,753,137	1,071,148	13,108,337	47,450
Construction in progress	14,543,910	7,306,651	-	21,850,561	-
Accumulated depreciation and amortization	(22,743,341)	(9,132,989)	(1,983,236)	(33,859,566)	(47,450)
Total capital assets (net of accumulated depreciation and amortization)	64,579,386	18,341,341	3,227,746	86,148,473	-
Unamortized bond issuance costs	443,584	-	-	443,584	-
Total noncurrent assets	65,022,970	18,341,341	3,227,746	86,592,057	-
Total assets	80,429,650	33,165,564	3,615,592	117,210,806	2,628,093
LIABILITIES					
Current liabilities:					
Accounts payable	1,417,255	523,230	58,690	1,999,175	159,154
Accrued liabilities	474,684	409,404	51,880	935,968	-
Current portion of long-term debt					
Interfund loan	-	-	23,139	23,139	-
Compensated absences	26,521	42,720	9,775	79,016	12,465
Revenue bonds	1,591,000	-	-	1,591,000	-
Total current liabilities	3,509,460	975,354	143,484	4,628,298	171,619
Noncurrent liabilities:					
Compensated absences	26,824	75,072	5,306	107,202	26,695
Revenue bonds	40,062,443	-	-	40,062,443	-
Total noncurrent liabilities	40,089,267	75,072	5,306	40,169,645	26,695
Total liabilities	43,598,727	1,050,426	148,790	44,797,943	198,314
NET ASSETS					
Invested in capital assets, net of related debt	29,668,623	18,341,341	3,227,746	51,237,710	-
Restricted for:					
Debt service	3,787,732	-	-	3,787,732	-
Water development	2,213,200	-	-	2,213,200	-
Capital projects	3,904,802	-	-	3,904,802	-
Unrestricted	(2,743,434)	13,773,797	239,056	11,269,419	2,429,779
Total net assets	\$ 36,830,923	\$ 32,115,138	\$ 3,466,802	\$ 72,412,863	\$ 2,429,779

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

Park City Municipal Corporation, Utah
Reconciliation of the Statement of Net Assets of the Proprietary Funds
to the Statement of Net Assets
June 30, 2011

TOTAL NET ASSETS - PROPRIETARY FUNDS \$ 72,412,863

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

Certain internal service fund assets and liabilities are included with business-type activities. 196,246

Total net assets - business-type activities \$ 72,609,109

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 Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Transportation and Parking Fund	Golf Course Fund	Total Enterprise Funds	
Operating revenues					
Charges for services	\$ 8,416,666	\$ 3,495,838	\$ 878,237	\$ 12,790,741	\$ 3,482,600
Miscellaneous	-	-	224,303	224,303	-
Total operating revenues	<u>8,416,666</u>	<u>3,495,838</u>	<u>1,102,540</u>	<u>13,015,044</u>	<u>3,482,600</u>
Operating expenses					
Salaries and benefits	1,402,576	3,656,033	596,551	5,655,160	648,109
Supplies, maintenance and services	3,315,322	2,271,149	388,824	5,975,295	1,389,233
Energy and utilities	490,842	831,046	57,996	1,379,884	1,077,479
Depreciation and amortization	1,383,841	1,069,125	177,131	2,630,097	-
Total operating expenses	<u>6,592,581</u>	<u>7,827,353</u>	<u>1,220,502</u>	<u>15,640,436</u>	<u>3,114,821</u>
Operating income (loss)	<u>1,824,085</u>	<u>(4,331,515)</u>	<u>(117,962)</u>	<u>(2,625,392)</u>	<u>367,779</u>
Nonoperating revenues (expenses)					
Transit and resort sales tax	-	3,503,440	-	3,503,440	-
Investment income	345,551	89,795	2,875	438,221	-
Interest expense	(1,445,182)	-	(1,964)	(1,447,146)	-
Miscellaneous	178,023	-	-	178,023	-
Loss on sale of capital assets	-	(24,238)	-	(24,238)	-
Total nonoperating revenues (expenses)	<u>(921,608)</u>	<u>3,568,997</u>	<u>911</u>	<u>2,648,300</u>	<u>-</u>
Income (loss) before contributions and transfers	902,477	(762,518)	(117,051)	22,908	367,779
Capital contributions	617,262	5,919,287	-	6,536,549	-
Transfers in	-	-	25,000	25,000	-
Transfers out	(1,147,052)	(905,096)	(101,085)	(2,153,233)	-
Change in net assets	<u>372,687</u>	<u>4,251,673</u>	<u>(193,136)</u>	<u>4,431,224</u>	<u>367,779</u>
Net assets - beginning	36,458,236	27,863,465	3,659,938	67,981,639	2,062,000
Net assets - ending	<u>\$ 36,830,923</u>	<u>\$ 32,115,138</u>	<u>\$ 3,466,802</u>	<u>\$ 72,412,863</u>	<u>\$ 2,429,779</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 Assets
to the Statement of Activities
Proprietary Funds
For the Year Ended June 30, 2011

CHANGE IN NET ASSETS - PROPRIETARY FUNDS \$ 4,431,224

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 income of \$367,779 less amount allocated to governmental activities \$171,533 and reversal of prior year allocation \$150,187.

346,433

Change in net assets of business-type activities \$ 4,777,657

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, 2011

	<u>Business-type Activities-Enterprise Funds</u>			<u>Governmental Activities- Internal Service Funds</u>	
	<u>Water Fund</u>	<u>Transportation and Parking Fund</u>	<u>Golf Course Fund</u>		<u>Total Enterprise Funds</u>
Cash flows from operating activities					
Receipts from customers	\$ 8,401,560	\$ 3,534,581	\$ 1,103,404	\$ 13,039,545	\$ 3,492,838
Payments to suppliers	(3,496,497)	(3,129,573)	(457,555)	(7,083,625)	(2,445,327)
Payments to employees	(1,424,745)	(3,674,100)	(591,336)	(5,690,181)	(656,183)
Net cash provided by (used in) operating activities	<u>3,480,318</u>	<u>(3,269,092)</u>	<u>54,513</u>	<u>265,739</u>	<u>391,328</u>
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	25,000	25,000	-
Transfers to other funds	(1,147,052)	(905,096)	(101,085)	(2,153,233)	-
Transit and resort sales tax	-	3,468,083	-	3,468,083	-
Net cash provided by (used in) noncapital financing activities	<u>(1,147,052)</u>	<u>2,562,987</u>	<u>(76,085)</u>	<u>1,339,850</u>	<u>-</u>
Cash flows from capital and related financing activities					
Intergovernmental capital grants	-	5,456,802	-	5,456,802	-
Capital contributions	448,293	366,340	-	814,633	-
Purchases of capital assets	(12,042,032)	(5,313,776)	(131,107)	(17,486,915)	-
Principal paid on bonds and interfund loan	(1,559,000)	-	(29,578)	(1,588,578)	-
Interest paid on bonds and interfund loan	(1,657,533)	-	(1,964)	(1,659,497)	-
Federal subsidy on capital debt	178,023	-	-	178,023	-
Proceeds from sales of capital assets	-	25,875	-	25,875	-
Net cash provided by (used in) capital and related financing activities	<u>(14,632,249)</u>	<u>535,241</u>	<u>(162,649)</u>	<u>(14,259,657)</u>	<u>-</u>
Cash flows from investing activities					
Interest received on investments	124,447	90,485	2,924	217,856	-
Net cash provided by investing activities	<u>124,447</u>	<u>90,485</u>	<u>2,924</u>	<u>217,856</u>	<u>-</u>
Net increase (decrease) in cash, cash equivalents	(12,174,536)	(80,379)	(181,297)	(12,436,212)	391,328
Balances—beginning of the year	26,627,316	13,576,708	518,506	40,722,530	2,014,602
Balances—end of the year	<u>\$ 14,452,780</u>	<u>\$ 13,496,329</u>	<u>\$ 337,209</u>	<u>\$ 28,286,318</u>	<u>\$ 2,405,930</u>
Reconciliation to statement of net assets:					
Cash, cash equivalents	\$ 4,547,046	\$ 13,496,329	\$ 337,209	\$ 18,380,584	\$ 2,405,930
Cash, cash equivalents-restricted	2,213,200	-	-	2,213,200	-
Cash, cash equivalents held by fiscal agent	7,692,534	-	-	7,692,534	-
Total cash, cash equivalents	<u>\$ 14,452,780</u>	<u>\$ 13,496,329</u>	<u>\$ 337,209</u>	<u>\$ 28,286,318</u>	<u>\$ 2,405,930</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,824,085	\$ (4,331,515)	\$ (117,962)	\$ (2,625,392)	\$ 367,779
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expense	1,383,841	1,069,125	177,131	2,630,097	-
Change in assets and liabilities:					
Receivables, net	(15,106)	38,743	864	24,501	10,238
Inventories	7,263	2,945	8,991	19,199	(24,720)
Accounts and other payables	298,885	(48,761)	(25,327)	224,797	46,408
Accrued expenses	(18,650)	371	10,816	(7,463)	(8,377)
Net cash provided by (used in) operating activities	<u>\$ 3,480,318</u>	<u>\$ (3,269,092)</u>	<u>\$ 54,513</u>	<u>\$ 265,739</u>	<u>\$ 391,328</u>

Noncash investing, capital and financing activities:

The Water Fund received water system improvements in the amount of \$168,969 as a capital asset donation. Included in investment income is an increase of \$114,917 in fair value for the year ended June 30, 2011.

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 Assets
June 30, 2011

	PARK CITY AGENCY FUND
ASSETS	
Cash, cash equivalents and investments	\$ 1,188,202
Total assets	\$ 1,188,202
LIABILITY	
Deposits payable	\$ 1,188,202
Total liability	\$ 1,188,202

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

**NOTES
TO THE
FINANCIAL
STATEMENTS**

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. General Information

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

2. Reporting Entity

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

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

3. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, internal service fund transactions have been eliminated except interfund services provided and used by business-type activities, which are not eliminated.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The City reports the following major proprietary funds:

Enterprise Funds are used to account for the 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 City-owned water systems, a public transportation system (bus and trolley system), paid parking system and golf course.

Additionally, the City reports the following fund types:

Internal Service Funds are used to account for the central financing of goods or services provided to various departments of the City or other governments on a cost-reimbursement basis. The City currently has two internal service funds. The fleet services fund provides vehicle storage, repair and maintenance. The self-insurance fund was established to allow the City to supplement its regular insurance coverage as further explained in Note K – Risk Management on page 74 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

5. Assets, Liabilities, and Net Assets or Equity

Cash, Cash Equivalents and Investments - Cash and investment management in the City is administered by the City Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah Code (see Note B on pages 53-56 of this report). The City complies with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires certain investments to be reported at fair value and the change in fair value to be included in revenues or expenses. The City’s policy is to report all investments at fair value. The City’s investment in the State Treasurer’s Pool has a fair value approximately equal to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act.

Capital Assets - Capital assets, which include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government included all assets with acquisition dates as far back as June 30, 1980. Most of the City’s infrastructure assets were valued at historical cost (when available) or estimated historical cost through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Donated capital assets are recorded at estimated fair value at the date of donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$242,387. The total interest income received by the City earned on invested bond proceeds was \$20,602. The net amount of \$221,785 was included as part of and thereby increased the cost of capital assets under construction in connection with construction of water treatment facilities.

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

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

Use of Restricted/Unrestricted Net Assets - When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses on debt refunding are deferred and amortized over the life of the related debt using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and net of gains and losses on debt refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures. The total unamortized bond issuance costs reported in the government-wide statement of net assets at June 30, 2011 were \$1,121,118 and the total unamortized bond premiums/discounts were \$2,473,407. The total unamortized loss on refunding was \$46,227.

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.

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. This new standard has substantially changed the categories and terminology used to describe the components of fund balance. As of June 30, 2010, the City categorized fund balances in the Balance Sheet as reserved and unreserved. GASB Statement No. 54 requires that the fund balances be classified into

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

categories based upon the type of restrictions imposed on the use of funds. The City evaluated each of its funds at June 30, 2011 and classified fund balances into the following five categories:

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

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

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

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

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

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

The City does not have a minimum fund balance policy. *Utah Code* 10-6-116(4) requires that a minimum fund balance of 5 percent of total revenues be maintained in the general fund.

Restricted Assets - Certain proceeds of the City's 2006, 2009A, 2009B, 2009C and 2010 Series Water Revenue and Refunding Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the proprietary funds' statement of net assets 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, 2011 of \$3,904,802 is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "reserve fund" account with a balance at June 30, 2011 of \$3,787,732 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

Proceeds of the City's 2004 and 2009 Series General Obligation Bonds and 2005A, 2005B and 2010 Series Sales Tax Revenue Bonds in the amount of \$4,490,602 are classified as restricted assets.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

These 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, 2011 of \$1,489 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 a resolution. 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 resolution during the budget year. The City Council must hold a public hearing to increase a fund’s budget before it can pass the resolution.

Utah State law prohibits the appropriation of unassigned general fund balance until it exceeds the sum of five percent of the budgeted general fund revenues. Until unassigned fund balance is greater than the above amount, it cannot be budgeted but is used to provide working capital until tax revenue is received, meet emergency expenditures and cover unanticipated deficits.

When the unassigned fund balance is greater than 18 percent of expected revenues, the excess must be appropriated to capital projects determined to be in the best long-term interest of the City.

During the year, the General Fund budget was increased by \$845,444 under the guidelines described above. The supplemental budgetary appropriation was for insurance and surety bonds.

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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Each year the capital projects fund adjusted budget is comprised of new appropriations from the current year and unexpended appropriations from the prior year, since unexpended capital projects appropriations do not automatically lapse at year end. Major capital project fund budgets included \$31,057,529 and non-major capital project fund budgets included \$3,479,018 for a total of \$34,536,547 of prior-year unexpended capital projects appropriations. The adjusted capital projects fund budget represents the amount available for expenditures in the current year. Future projects and appropriations that are to come from funds available in future years are not reflected in the current year budget.

7. Implementation of New GASB Pronouncements

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 improves the financial reporting by providing fund balance categories and classifications that are more easily understood. The reserved components of fund balance are eliminated and replaced with restricted, committed, assigned or unassigned classifications to enhance the consistency between the information reported in the government-wide and the governmental fund financial statements to avoid confusion about the relationship between reserved fund balance and restricted net assets. The fund balance disclosures seek to give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated. The City adopted this Statement in fiscal year 2011.

In June 2010, the GASB issued Statement No. 59, *Financial Instruments Omnibus*. The City adopted this Statement in fiscal year 2011.

This Statement amends the following:

- National Council on Governmental Accounting Statement 4, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, is updated to be consistent with the amendments to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments, regarding certain financial guarantees*.
- Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, are amended to remove the fair value exemption for unallocated insurance contracts. The effect of this amendment is that investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provision of paragraph 8 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.
- Statement 31 is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

- Statement No. 40, *Deposit and Investment Risk Disclosures*, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools-such as bond mutual funds and external bond investment pools-that do not meet the requirements to be reported as a 2a7-like pool.
- Statement 53 is amended to:
 - Clarify that the net settlement characteristic of Statement 53 that defines a derivative instrument is not met by a contract provision for a penalty payment for nonperformance
 - Provide that financial guarantee contracts included in the scope of Statement 53 are limited to financial guarantee contracts that are considered to be *investment* derivative instruments entered into primarily for the purpose of obtaining income or profit
 - Clarify that certain contracts based on specific volumes of sales or service revenues are excluded from the scope of Statement 53
 - Provide that one of the “leveraged yield” criteria of Statement 53 is met if the initial rate of return on the companion instrument has the potential for at least a doubled yield.

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

In November 2010 the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement establishes specific guidance for accounting and financial reporting related to service concession arrangements (SCAs) which are a type of public-private partnership. The provisions of this Statement are effective beginning in fiscal year 2013. Currently, this Statement has no effect on the City’s financial statements as the City does not have any SCAs.

In November 2010 the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The provisions of this Statement are effective beginning in fiscal year 2013. Management has not yet determined the impact of this statement on the financial statements.

In December 2010 the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

The provisions of this Statement are effective beginning in fiscal year 2013. Management has not yet determined the impact of this statement on the financial statements.

In June 2011 the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement are effective beginning in fiscal year 2013. Management has not yet determined the impact of this statement on the financial statements.

In June 2011 the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This Statement amends GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement are effective beginning in fiscal year 2012. This Statement has no effect on the City's financial statements.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Each fund type’s portion of this pool is displayed on the basic financial statements as “cash, cash equivalents and investments”. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund. The following is a summary of cash, cash equivalents and investments at June 30, 2011:

	Government-Wide Statement of Net Assets			Fund Financials	
	Governmental Activities	Business-Type Activities	Total	Fiduciary Fund Statement of Net Assets	Total
Held by city-unrestricted	\$ 43,932,246	\$ 18,380,584	\$ 62,312,830	\$ 1,188,202	\$ 63,501,032
Held by city-restricted	3,778,690	2,213,200	5,991,890	-	5,991,890
Total held by city	<u>\$ 47,710,936</u>	<u>\$ 20,593,784</u>	<u>\$ 68,304,720</u>	<u>\$ 1,188,202</u>	<u>\$ 69,492,922</u>
Held by fiscal agent	<u>\$ 713,401</u>	<u>\$ 7,692,534</u>	<u>\$ 8,405,935</u>	<u>\$ -</u>	<u>\$ 8,405,935</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

As of June 30, 2011, the City had the following deposits and investments, including \$1,188,202 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>1-4 years</u>
Debt securities			
U.S. government agencies	\$ 1,876,240	\$ -	\$ 1,876,240
Medium term notes	2,293,328	1,199,730	1,093,598
Repurchase agreements	892,524	892,524	-
Money market mutual fund	868,808	868,808	-
	<u>5,930,900</u>	<u>\$ 2,961,062</u>	<u>\$ 2,969,838</u>
Other investments			
State treasurer's investment pool	63,693,802	<u>\$ 63,693,802</u>	
Total investments	<u>69,624,702</u>		
<u>Deposits</u>			
Cash deposits checking-net of			
outstanding checks	(388,640)		
Cash deposits money market/savings	250,440		
Cash on hand	6,420		
Total deposits	<u>(131,780)</u>		
Total cash, cash equivalents and			
investments held by city	<u>69,492,922</u>		
Held by fiscal agent:			
State treasurer's investment pool	8,405,935		
Total cash, cash equivalents and investments	<u>\$ 77,898,857</u>		

Deposits – State law requires that City deposits be deposited 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, 2011

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, 2011, the City's deposits had a carrying value of (\$388,640) and a bank balance of \$250,440. Of the above bank balance, \$250,025 was covered by federal depository insurance. The City does not have a deposit policy for custodial credit risk. However, Utah State Law does not require deposits to be insured or collateralized.

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

Custodial Credit Risk for an investment is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: (1) The counterparty or (2) The counterparty's trust department or agent but not in the government's name. Repurchase agreements with a qualified depository in the amount of \$892,524 which is the fair value at June 30, 2011, is supported by a safekeeping receipt issued by a qualified depository but the securities are held by the investment's counterparty, not in the name of the City. For investments in U.S. government agencies and medium term notes with combined fair value of \$4,169,568 at June 30, 2011, 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 money market mutual fund with a fair value of \$868,808 is not subject to custodial credit risk since the position in a mutual fund is not evidenced by securities. The City does not have an investment policy for custodial credit risk.

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

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

As of June 30, 2011, the ratings of the City's investments in U.S. government agencies and medium term notes range from BBB+ to AAA by Standard and Poor's and A3 to Aaa by Moody's Investors Service. The Utah State Treasurer's Investment Pool and money market mutual fund are not rated. The fair value of the position of the Utah State Treasurer's Investment Pool is approximately equal to the value of the pool shares. All investments of the Utah State Treasurer's Investment Pool must comply with the UMMA and Rules of the State Money Management Council. The Pool invests primarily in money market securities including time certificates of deposit and top-rated domestic commercial paper. No more than 5.0 percent of the pool may be invested with a single issuer. Investment activity of the State Treasurer is reviewed periodically by the Utah Money Management Council and is audited by the Utah State Auditor. Pool deposits are not insured or otherwise guaranteed by the State of Utah.

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE C – NOTES RECEIVABLE

Notes receivable of the governmental fund types at June 30, 2011 include various affordable housing, employee mortgage assistance and Park City Historical Society loans with interest rates ranging from 2.1125% to 5.00%. See Note E - Long-Term Obligations on page 69 for detailed information regarding the Park City Historical Society Promissory Note. The following is a schedule of future principal and interest payments required under the terms of the notes receivable as of June 30, 2011:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,985,201	\$ 3,664	\$ 1,988,865
2013	7,676	3,928	11,604
2014	7,208	3,993	11,201
2015	9,346	5,426	14,772
2016	10,059	5,267	15,326
2017 -2021	95,074	35,448	130,522
Total	<u>\$ 2,114,564</u>	<u>\$ 57,726</u>	<u>\$ 2,172,290</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Governmental activities:				
Capital assets, not being depreciated:				
Land and water rights	\$ 94,054,571	\$ -	\$ (36,164)	\$ 94,018,407
Construction in progress	2,743,522	5,348,434	(1,310,113)	6,781,843
Art	370,057	-	-	370,057
Total capital assets, not being depreciated	<u>97,168,150</u>	<u>5,348,434</u>	<u>(1,346,277)</u>	<u>101,170,307</u>
Capital assets, being depreciated:				
Buildings	27,265,954	175,410	(321,985)	27,119,379
Improvements other than building	31,417,255	1,576,924	(168,969)	32,825,210
Vehicles and equipment	9,429,691	383,326	(642,412)	9,170,605
Infrastructure	92,804,690	3,084,123	-	95,888,813
Intangibles	5,105,180	29,298	-	5,134,478
Total capital assets, being depreciated	<u>166,022,770</u>	<u>5,249,081</u>	<u>(1,133,366)</u>	<u>170,138,485</u>
Less accumulated depreciation for:				
Buildings	(5,988,438)	(821,021)	76,019	(6,733,440)
Improvements other than building	(12,631,059)	(1,065,441)	-	(13,696,500)
Vehicles and equipment	(5,089,533)	(750,322)	636,718	(5,203,137)
Infrastructure	(69,540,858)	(2,947,921)	-	(72,488,779)
Intangibles	(81,175)	(48,531)	-	(129,706)
Total accumulated depreciation	<u>(93,331,063)</u>	<u>(5,633,236)</u>	<u>712,737</u>	<u>(98,251,562)</u>
Total capital assets, being depreciated, net	<u>72,691,707</u>	<u>(384,155)</u>	<u>(420,629)</u>	<u>71,886,923</u>
Governmental activities capital assets, net	<u>\$ 169,859,857</u>	<u>\$ 4,964,279</u>	<u>\$ (1,766,906)</u>	<u>\$ 173,057,230</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land and water rights	\$ 20,253,189	\$ 17,000	\$ -	\$ 20,270,189
Construction in progress	13,939,961	16,536,308	(8,625,708)	21,850,561
Art	109,214	-	-	109,214
Total capital assets, not being depreciated	<u>34,302,364</u>	<u>16,553,308</u>	<u>(8,625,708)</u>	<u>42,229,964</u>
Capital assets, being depreciated:				
Buildings	6,773,055	-	-	6,773,055
Improvements other than building	47,894,898	10,001,785	-	57,896,683
Vehicles and equipment	13,554,136	346,427	(792,226)	13,108,337
Total capital assets, being depreciated	<u>68,222,089</u>	<u>10,348,212</u>	<u>(792,226)</u>	<u>77,778,075</u>
Less accumulated depreciation for:				
Buildings	(3,356,967)	(279,306)	-	(3,636,273)
Improvements other than building	(22,704,409)	(1,547,401)	-	(24,251,810)
Vehicles and equipment	(5,947,959)	(765,638)	742,114	(5,971,483)
Total accumulated depreciation	<u>(32,009,335)</u>	<u>(2,592,345)</u>	<u>742,114</u>	<u>(33,859,566)</u>
Total capital assets, being depreciated, net	<u>36,212,754</u>	<u>7,755,867</u>	<u>(50,112)</u>	<u>43,918,509</u>
Business-type activities capital assets, net	<u>\$ 70,515,118</u>	<u>\$ 24,309,175</u>	<u>\$ (8,675,820)</u>	<u>\$ 86,148,473</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE D – CAPITAL ASSETS, Continued

Depreciation expense was charged to functions for the year ended June 30, 2011 as follows:

Governmental activities:

General government	\$ 1,578,242
Public safety	277,330
Public works	3,154,615
Library and recreation	623,049
Total governmental activities depreciation expense	<u>\$ 5,633,236</u>

Business-type activities:

Water	\$ 1,346,088
Transportation and parking	1,069,126
Golf course	177,131
Total business-type activities depreciation expense	<u>\$ 2,592,345</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE E – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2011:

	Beginning Balance July 1, 2010	Additions	Reductions	Amortization	Ending Balance June 30, 2011	Due Within One Year
Governmental activities:						
Contract payable	\$ 469,385	\$ -	\$ (64,796)	\$ -	\$ 404,589	\$ 69,656
General obligation bonds:						
2000 series	435,000	-	(435,000)	-	-	-
2003 series	2,935,000	-	(325,000)	-	2,610,000	335,000
2004 series-principal	5,915,000	-	(560,000)	-	5,355,000	580,000
2004 series-premium	69,701	-	-	(7,882)	61,819	-
2008 series-principal	9,470,000	-	(540,000)	-	8,930,000	555,000
2008 series-premium/discount	52,744	-	-	(3,810)	48,934	-
2009 series-principal	12,595,000	-	(995,000)	-	11,600,000	1,020,000
2009 series-premium/discount	173,923	-	-	(12,561)	161,362	-
2010A series-principal	2,025,000	-	(30,000)	-	1,995,000	480,000
2010A series-premium	57,921	-	-	(11,971)	45,950	-
2010B series-principal	6,000,000	-	(355,000)	-	5,645,000	355,000
2010B series-premium	88,740	-	-	(5,977)	82,763	-
Total general obligation bonds	<u>39,818,029</u>	<u>-</u>	<u>(3,240,000)</u>	<u>(42,201)</u>	<u>36,535,828</u>	<u>3,325,000</u>
Revenue bonds:						
Redevelopment Agency - Lower Pk.						
1998 series	2,655,000	-	(2,655,000)	-	-	-
Sales tax revenue bonds						
2005A series-principal	10,535,000	-	(805,000)	-	9,730,000	835,000
2005A series-premium	17,278	-	-	(1,575)	15,703	-
2005B refunding-principal	1,300,000	-	(640,000)	-	660,000	660,000
2005B refunding-premium	8,867	-	-	(4,514)	4,353	-
2010 refunding-principal	-	1,525,000	-	-	1,525,000	290,000
2010 refunding-premium	-	33,592	-	(3,739)	29,853	-
MBA 2007 lease revenue bonds	844,981	-	(600,000)	-	244,981	244,981
Total revenue bonds	<u>15,361,126</u>	<u>1,558,592</u>	<u>(4,700,000)</u>	<u>(9,828)</u>	<u>12,209,890</u>	<u>2,029,981</u>
Compensated absences	582,175	593,054	(579,419)	-	595,810	295,203
Total governmental activities	<u>\$ 56,230,715</u>	<u>\$ 2,151,646</u>	<u>\$ (8,584,215)</u>	<u>\$ (52,029)</u>	<u>\$ 49,746,117</u>	<u>\$ 5,719,840</u>
Business-type activities:						
2006 water revenue	\$ 3,961,000	\$ -	\$ (174,000)	\$ -	\$ 3,787,000	\$ 181,000
2009A water revenue	2,500,000	-	(125,000)	-	2,375,000	125,000
2009B water revenue refunding	12,440,000	-	(635,000)	-	11,805,000	650,000
2009B water revenue-premium	1,371,342	-	-	(152,977)	1,218,365	-
2009C water revenue	10,135,000	-	-	-	10,135,000	-
2010 water revenue	12,200,000	-	(625,000)	-	11,575,000	635,000
2010 water revenue-premium	864,010	-	-	(59,705)	804,305	-
Deferred amount on refunding	(53,977)	-	-	7,750	(46,227)	-
Compensated absences	160,115	145,141	(119,038)	-	186,218	79,016
Total business-type activities	<u>\$ 43,577,490</u>	<u>\$ 145,141</u>	<u>\$ (1,678,038)</u>	<u>\$ (204,932)</u>	<u>\$ 41,839,661</u>	<u>\$ 1,670,016</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE E – LONG-TERM OBLIGATIONS, Continued

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year-end \$39,160 of internal service fund compensated absences are included in the above amounts. Also, for the governmental activities compensated absences are liquidated by the general fund.

The City has complied with all revenue bond covenants.

General Obligation Bonds

In September 2003, the City issued General Obligation Bonds, Series 2003 in the amount of \$5,000,000 plus a premium of \$24,109 pursuant to a special bond election held on November 5, 2002. The proceeds of the bonds were used to acquire and forever preserve undeveloped park and recreational land. On July 22, 2004, Park City Municipal Corporation issued General Obligation Bonds, Series 2004 in the amount of \$9,000,000 plus a premium of \$116,518. Pursuant to a special bond election held on November 5, 2002, approximately \$5.0 million of the bond proceeds were used to acquire and preserve undeveloped park and recreational land. Pursuant to a special bond election held on November 6, 2001, approximately \$4.0 million of the bond proceeds were used to construct an ice facility and make park improvements. Repayments are made from property tax revenues recorded in the Park City General Obligation Debt Service Fund. The debt service requirements for the bonds at June 30, 2011 were as follows:

Fiscal Year Ending June 30,	Series 2003 Dated Sept. 23, 2003, \$5,000,000 @ 2.00% to 4.05% per annum paid semi- annually (Nov. & May)		Series 2004 Dated July 22, 2004 \$9,000,000 @ 3.125% to 4.20% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2012	\$ 335,000	\$ 98,925	\$ 580,000	\$ 216,649
2013	345,000	86,865	605,000	193,449
2014	360,000	74,445	630,000	169,249
2015	370,000	61,305	655,000	144,049
2016	385,000	47,430	680,000	117,849
2017	400,000	32,608	705,000	90,649
2018	415,000	16,808	735,000	62,449
2019	-	-	765,000	32,130
Total	<u>2,610,000</u>	<u>418,386</u>	<u>5,355,000</u>	<u>1,026,473</u>
Plus unamortized premium	-	-	61,819	-
Total	<u>\$ 2,610,000</u>	<u>\$ 418,386</u>	<u>\$ 5,416,819</u>	<u>\$ 1,026,473</u>

In December 2008, the City issued General Obligation Bonds Series 2008 in the amount of \$10,000,000 plus a net premium/discount of \$58,537 pursuant to a bond election held on November 7, 2006. The proceeds of the bonds were used to acquire and forever preserve undeveloped park and recreational land. In June 2009, the City issued General Obligation Bonds Series 2009 in the amount

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

of \$13,500,000 plus a net premium/discount of \$186,966. A portion of the proceeds was used to refund \$1,695,000 of the City's General Obligation Bonds Series 1999, plus \$12,852 interest. Bond proceeds of approximately \$4.0 million were issued pursuant to a bond election held on November 7, 2006 to acquire and forever preserve undeveloped park and recreational land and approximately \$7.8 million were issued pursuant to a bond election held November 6, 2007 to acquire, construct, improve and modify pathways, roads and related improvements for use by pedestrians and cyclists. Repayments are made from property tax revenues recorded in the Park City General Obligation Debt Service Fund. The debt service requirements for the bonds at June 30, 2011 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
2012	\$ 555,000	\$ 359,756	\$ 1,020,000	\$ 388,960
2013	570,000	340,331	1,050,000	358,360
2014	585,000	320,381	1,080,000	326,860
2015	605,000	298,444	730,000	294,460
2016	625,000	275,000	750,000	272,560
2017	645,000	250,000	775,000	250,060
2018	670,000	224,200	795,000	226,810
2019	695,000	197,400	820,000	200,576
2020	725,000	169,600	850,000	173,516
2021	760,000	140,600	880,000	143,340
2022	795,000	109,250	915,000	111,220
2023	830,000	75,463	950,000	76,450
2024	870,000	39,150	985,000	39,400
Total	<u>8,930,000</u>	<u>2,799,575</u>	<u>11,600,000</u>	<u>2,862,572</u>
Plus unamortized premium/discount	48,934	-	161,362	-
Total	<u>\$ 8,978,934</u>	<u>\$ 2,799,575</u>	<u>\$ 11,761,362</u>	<u>\$ 2,862,572</u>

On April 30, 2010, the City issued General Obligation Bonds Series 2010A in the par amount of \$2,025,000, a premium of \$59,922 and issuance costs of \$27,288. The proceeds of the bonds were used to advance refund \$1,965,000 principal of the City's General Obligation Bonds Series 2000 that mature on May 1 of each year from May 1, 2012 to May 1, 2015.

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, 2011 were as follows:

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

Fiscal Year Ending June 30,	Series 2010A Dated April 30, 2010 \$2,025,000 @ 2.00% to 3.00% per annum paid semi- annually (Nov. & May)		Series 2010B Dated April 30, 2010 \$6,000,000 @ 1.10% to 5.25% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2012	\$ 480,000	\$ 45,988	\$ 355,000	\$ 224,040
2013	495,000	31,588	360,000	218,893
2014	505,000	21,688	360,000	211,333
2015	515,000	11,588	365,000	202,513
2016	-	-	370,000	191,380
2017	-	-	380,000	178,985
2018	-	-	390,000	164,735
2019	-	-	400,000	149,135
2020	-	-	410,000	131,335
2021	-	-	425,000	112,475
2022	-	-	435,000	92,288
2023	-	-	450,000	71,190
2024	-	-	465,000	48,915
2025	-	-	480,000	25,200
Total	1,995,000	110,852	5,645,000	2,022,417
Plus unamortized premium/discount	45,950	-	82,763	-
Total	<u>\$ 2,040,950</u>	<u>\$ 110,852</u>	<u>\$ 5,727,763</u>	<u>\$ 2,022,417</u>

Redevelopment Agency Capital Projects Funds and Bonds

The City maintains capital project funds for the Main Street Redevelopment Agency and the Lower Park Avenue Redevelopment Agency. For the fiscal year ended June 30, 2011 the tax increment collected by the Main Street Redevelopment Agency was \$1,249,086 and the tax increment collected by the Lower Park Avenue Redevelopment Agency was \$2,577,316. The tax increment paid to another taxing agency by the Main Street Redevelopment Agency and by the Lower Park Avenue Redevelopment Agency was \$345,275 and \$713,739, respectively.

During the fiscal year, the Main Street Redevelopment Agency expended \$11,445 for site improvements and incurred \$30,000 in administrative costs. The Lower Park Avenue Redevelopment Agency expended \$353,037 for site improvements and incurred \$100,000 in administrative costs.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE E – LONG-TERM OBLIGATIONS, Continued

Other Debt

On December 30, 1996, the City purchased open space property for \$1,095,908. The City executed a contract payable to the seller for this amount with interest at 7.50 percent per annum, payable \$100,000 per year on December 15. The debt service requirements for the contract payable at June 30, 2011 were as follows:

Fiscal Year Ending June 30,	PRINCIPAL	INTEREST
2012	\$ 69,656	\$ 30,344
2013	74,880	25,120
2014	80,496	19,504
2015	86,533	13,467
2016	93,024	6,976
Total	<u>\$ 404,589</u>	<u>\$ 95,411</u>

Water Revenue Refunding Bonds

On September 29, 2009 the City issued the par amount of \$13,090,000 in Water Revenue and Refunding Bonds Series 2009B plus a premium of \$1,486,180. The premium was deferred and amortized over the life of the bond using the effective interest method. The bond proceeds were used to refund \$5,313,000 principal of outstanding Water Revenue Refunding Bonds Series 2002 plus interest of \$61,656. New money in the amount of \$8,567,659 was received to finance the construction of culinary water system improvements. The bonds bear interest at 3.0 percent to 5.0 percent paid semiannually. The bonds incurred bond issue costs of \$135,469, which were recorded as an asset and amortized over the life of the bond on an effective interest basis. 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, 2011 were as follows:

Fiscal Year Ending June 30,	PRINCIPAL	INTEREST
2012	\$ 650,000	\$ 505,950
2013	1,415,000	483,200
2014	1,470,000	426,600
2015	1,525,000	382,500
2016	1,575,000	321,500
2017	1,640,000	258,500
2018	1,720,000	176,500
2019	1,810,000	90,500
Total	<u>11,805,000</u>	<u>2,645,250</u>
Plus unamortized premium	1,218,365	-
Total	<u>\$13,023,365</u>	<u>\$2,645,250</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Bonds

On March 30, 2006 the City issued the par amount of \$4,450,000 in Water Revenue Bonds Series 2006 to finance the construction of water system infrastructure. The bonds bear interest at 3.50 percent paid annually. The bonds incurred bond issue costs of \$50,115 which were recorded as an asset and amortized over the life of the bond on an effective interest basis. Repayments on the debt are made from the net revenues of the Water Fund. The debt service requirements for these bonds at June 30, 2011 were as follows:

Fiscal Year Ending June 30,	PRINCIPAL	INTEREST
2012	\$ 181,000	\$ 132,545
2013	187,000	126,210
2014	193,000	119,665
2015	200,000	112,910
2016	207,000	105,910
2017	214,000	98,665
2018	222,000	91,175
2019	230,000	83,405
2020	238,000	75,355
2021	246,000	67,025
2022	255,000	58,415
2023	264,000	49,490
2024	273,000	40,250
2025	282,000	30,695
2026	292,000	20,825
2027	303,000	10,605
Total	<u>\$ 3,787,000</u>	<u>\$ 1,223,145</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Bonds, Continued

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. The bonds incurred bond issue costs of \$53,620 which were recorded as an asset and amortized over the life of the bond on an effective interest basis. Repayments on the debt are made from the net revenues of the Water Fund.

On September 29, 2009 the City issued the par amount of \$10,135,000 in Taxable Water Revenue Bonds Series 2009C Build America Bonds with issuer subsidy to finance the construction of culinary water system improvements. The bonds bear interest at 4.70 percent to 5.25 percent paid semiannually. The bonds incurred bond issue costs of \$137,313 which were recorded as an asset and amortized over the life of the bond on an effective interest basis. Repayments on the debt are made from the net revenues of the Water Fund. The debt service requirements for these bonds at June 30, 2011 were as follows:

Fiscal Year Ending June 30,	PRINCIPAL	INTEREST
2012	\$ -	\$ 508,638
2013	-	508,638
2014	-	508,638
2015	-	508,638
2016	-	508,638
2017	-	508,638
2018	-	508,638
2019	-	508,638
2020	1,900,000	508,638
2021	1,960,000	419,338
2022	2,025,000	323,298
2023	2,090,000	221,035
2024	2,160,000	113,400
Total	<u>\$ 10,135,000</u>	<u>\$ 5,654,813</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Bonds, Continued

On February 10, 2010 the City issued the par amount of \$12,200,000 in Water Revenue Bonds Series 2010 plus a premium of \$886,911. The premium was deferred and amortized over the life of the bond on an effective interest basis. The proceeds were used to purchase water rights from Jordanelle Special Service District. The bonds bear interest at 2.0 percent to 5.0 percent paid semiannually. The bonds incurred bond issue costs of \$137,663 which were recorded as an asset and amortized over the life of the bond on an effective interest basis. Repayments on the debt are made from the net revenues of the Water Fund. The debt service requirements for these bonds at June 30, 2011 were as follows:

Fiscal Year Ending	PRINCIPAL	INTEREST
<u>June 30,</u>	<u></u>	<u></u>
2012	\$ 635,000	\$ 454,800
2013	650,000	435,450
2014	680,000	408,850
2015	700,000	388,250
2016	725,000	366,750
2017	755,000	337,150
2018	790,000	302,300
2019	825,000	261,925
2020	870,000	219,550
2021	910,000	179,600
2022	950,000	142,400
2023	1,000,000	103,400
2024	1,015,000	63,100
2025	1,070,000	21,400
Total	<u>11,575,000</u>	<u>3,684,925</u>
Plus unamortized premium	804,305	-
Total	<u><u>\$ 12,379,305</u></u>	<u><u>\$ 3,684,925</u></u>

Sales Tax Revenue Bonds

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE E – LONG-TERM OBLIGATIONS, Continued

Sales Tax Revenue Bonds, Continued

The Series 2005 and 2010 Bonds are special limited obligations of the City, payable solely from and secured solely by a pledge of revenues from (1) 100 percent of the revenues received by the City from the local sales and use tax levied by the City pursuant to the Utah Local Sales and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code and (2) 75 percent of the revenues received by the City from the resort communities tax levied by the City pursuant to Title 59, Chapter 12, Part 4 of the Utah Code. The bonds do not constitute a pledge of the ad valorem taxing power or the full faith and credit of the City. More detailed information about pledged-revenue coverage is presented in Schedule 18 on page 116 of this report.

The debt service requirements for the bonds at June 30, 2011 were as follows:

Fiscal Year Ending June 30,	Series 2005A, \$15,500,000 @ 3.25% - 5.00% paid semiannually		Series 2005B, \$4,500,000 @ 3.00% - 4.00% paid semiannually		Series 2010, \$1,525,000 @ 2.25% -3.00% paid semiannually	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2012	\$ 835,000	\$ 399,438	\$ 660,000	\$ 26,400	\$ 290,000	\$ 34,475
2013	865,000	370,212	-	-	300,000	26,375
2014	900,000	335,612	-	-	300,000	19,250
2015	935,000	299,612	-	-	315,000	11,938
2016	985,000	252,862	-	-	320,000	4,000
2017	1,020,000	213,463	-	-	-	-
2018	1,060,000	172,663	-	-	-	-
2019	1,105,000	130,263	-	-	-	-
2020	1,150,000	86,063	-	-	-	-
2021	875,000	37,188	-	-	-	-
Total	<u>9,730,000</u>	<u>2,297,376</u>	<u>660,000</u>	<u>26,400</u>	<u>1,525,000</u>	<u>96,038</u>
Plus unamortized premium	15,703	-	4,353	-	29,853	-
Total	<u>\$ 9,745,703</u>	<u>\$ 2,297,376</u>	<u>\$ 664,353</u>	<u>\$ 26,400</u>	<u>\$ 1,554,853</u>	<u>\$ 96,038</u>

MBA Lease Revenue Draw Down Bonds

In order to assist the Park City Historical Society, a Utah non-profit corporation (the “Society”) in expanding the Old City Hall Museum Building (the “Project”) located at 528 Main Street, Park City, Utah, the Municipal Building Authority (the “Authority”) authorized the issuance of MBA Lease Revenue Bonds, Series 2007 (the “Bonds”) for an amount not to exceed \$3,600,000 to finance the cost of issuance of the Bonds and the cost of improvements to the Project. The Project is owned by the Authority and leased to the City and subleased to, and operated by, the Society. The Bonds are being issued as draw down bonds pursuant to a Bond Purchase Agreement, dated November 15, 2007, with Zions First National Bank (the “Purchaser”) for a purchase price equal to 100% of their aggregate face amount. The Bonds are variable rate bonds accruing interest at the “Index Rate”. “Index Rate” is the rate to be determined by the Trustee as of the first business day of each calendar month equal to 65% of the Prime Lending Rate of the Purchaser in effect as of such date. Debt service payments are paid semiannually on June 15 and December 15. At June 30, 2011, \$3,544,981

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE E – LONG-TERM OBLIGATIONS, Continued

MBA Lease Revenue Draw Down Bonds, Continued

of Bonds had been drawn down by the Authority and recorded in the Municipal Building Authority Capital Improvement Fund. The \$3,544,981 of proceeds drawn down includes \$43,417 of bond issuance costs. The Index Rates used to calculate interest varied from 3.25 percent at June 30, 2008 to 2.1125 percent at June 30, 2011. Interest of \$15,947 was paid to the Purchaser in fiscal year 2011. The Bonds are subject to optional early redemption in whole or in part at any time at the option and direction of the Authority, at a redemption price of 100% of the principal amount. In fiscal year 2011 the Authority redeemed \$600,000 of the Bonds outstanding leaving a balance due of \$244,981. The mandatory debt service requirement at June 30, 2011 is as follows:

Fiscal Year Ending		
June 30,	PRINCIPAL	INTEREST
2012	244,981	1,219

Park City Historical Society Promissory Note Receivable

The Society will reimburse the Authority the total amount drawn down from the Bonds and accrued interest pursuant to a Promissory Note (the “Note”) dated November 26, 2007 for an amount not to exceed \$3,600,000. Pursuant to the terms of the Note, the Society will pay approximately \$450,000 installments on the Note each June 15 and December 15 until paid in full, but in any event by December 31, 2011. Interest accrues at the Index Rate defined above. At June 30, 2011, the principal balance due of \$244,981 is recorded as a Note Receivable in the Municipal Building Authority Capital Improvement Fund.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE E – LONG-TERM OBLIGATIONS, Continued

The annual debt service requirements for all long-term debt outstanding as of June 30, 2011 by activity are as follows:

Year ending June 30,	Governmental Activities			Business-Type Activities
	Contracts Payable	General Obligation Bonds	Revenue Bonds	
Principal				
2012	\$ 69,656	\$ 3,325,000	\$ 2,029,981	\$ 1,591,000
2013	74,880	3,425,000	1,165,000	2,377,000
2014	80,496	3,520,000	1,200,000	2,468,000
2015	86,533	3,240,000	1,250,000	2,550,000
2016	93,024	2,810,000	1,305,000	2,632,000
2017-2021	-	12,640,000	5,210,000	14,955,000
2022-2026	-	7,175,000	-	12,301,000
2027-2031	-	-	-	803,000
Total	404,589	36,135,000	12,159,981	39,677,000
Plus unamortized premium/discount	-	400,828	49,909	2,022,670
Less deferred amount on refunding	-	-	-	(46,227)
Total	<u>\$ 404,589</u>	<u>\$ 36,535,828</u>	<u>\$ 12,209,890</u>	<u>\$ 41,653,443</u>
Interest				
2012	\$ 30,344	\$ 1,334,318	\$ 461,518	\$ 1,601,933
2013	25,120	1,229,486	396,587	1,553,498
2014	19,504	1,123,956	354,862	1,463,753
2015	13,467	1,012,359	311,550	1,392,298
2016	6,976	904,219	256,862	1,302,798
2017-2021	-	2,947,411	639,640	4,695,540
2022-2026	-	688,526	-	1,187,708
2027-2031	-	-	-	10,605
Total	<u>\$ 95,411</u>	<u>\$ 9,240,275</u>	<u>\$ 2,421,019</u>	<u>\$ 13,208,133</u>

Defeasance of debt

An aggregate amount of \$2,770,157 (representing \$1,525,000 of proceeds of the Series 2010 Sales Tax Revenue Refunding Bonds together with \$1,081,393 released from debt service funds securing the Lower Park Avenue Redevelopment Agency Tax Increment Revenue Bonds, Series 1998, an original issue premium of \$33,592 and \$130,172 of City funds) currently refunded \$2,655,000 of outstanding Lower Park Avenue Redevelopment Agency Tax Increment Revenue Bonds, Series 1998 with an average interest rate of 5.75 percent. The Lower Park Avenue Redevelopment Agency Tax Increment Revenue Bonds were issued in November 1998 for \$7,000,000 to finance the cost of land and property acquired by the RDA, as well as infrastructure improvements. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) to the City of approximately \$203,484. The refunding also decreased the City's total debt service payments over the next five years by approximately \$273,120.

In fiscal year 2010, the City defeased general obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for future debt service payments on the old bonds. Accordingly, the trust accounts for the defeased bonds are not included in the City's financial statements. There is no outstanding balance of the defeased bonds at June 30, 2011.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE F – RETIREMENT PLANS

Pension Plans

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

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

Funding Policy - Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00 percent of their annual covered salary (all paid by the employer for the employee) and the City is required to contribute 9.36 percent of their annual covered salary. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 13.37 percent of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage contributory division members are required to contribute 12.29 percent of their salary (all paid by the employer for the employee) and the City is required to contribute 14.86 percent of their annual salary and 26.13 percent of their annual covered salary for members in the non-contributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions to the Local Governmental Contributory Retirement System for the years ended June 30, 2011, 2010 and 2009 were \$184,188, \$167,437, and \$178,572, respectively, and for the Noncontributory Retirement System the contributions for June 30, 2011, 2010 and 2009 were \$1,177,748, \$998,663, and \$958,343, respectively, and for the Public Safety Retirement System for employers with Social Security coverage the contributions for June 30, 2011, 2010 and 2009 were \$391,666, \$357,357, and \$347,654, respectively. Actual contributions for the past three years equaled the required contributions.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

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, 2011 was \$15,914,258. Of that amount, \$9,287,050 was eligible to participate in this plan. The City participated at a rate of .5 percent, under City resolution for the year ended June 30, 2011 for employees covered by the State Contributory System retirement plan, .5 percent for employees covered by the State Noncontributory System retirement plan, and 13.26 percent under State Statute for a limited number of employees that are exempt from the State plan. During the year ended June 30, 2011 contributions totaling \$174,258 or 1.88 percent of covered payroll were made by the City. Employer contributions are fully vested in one year. All contributions were made by the due dates. The 401(a) defined contribution monies are not available to the City or its general creditors. Therefore, no assets or liabilities of the 401(a) defined contribution plan are reflected in the City's financial statements.

Section 457 deferred compensation plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The City's total payroll in the fiscal year ended June 30, 2011 was \$15,914,258. The City's covered payroll eligible for this plan totaled \$11,848,175 for the year ended June 30, 2011. The City participates in employer benefits of \$100 per month for those employees who have chosen single health insurance coverage and match the employees' voluntary contribution amount at fifty cents on the dollar to a maximum contribution of \$900. Contributions totaling \$235,456 or 1.99 percent of covered payroll were made by the City and voluntary contributions totaling \$582,654 or 4.92 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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

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, 2011 are as follows:

Capital Projects Funds	\$4,919,239
Enterprise Funds	\$8,863,965

NOTE I- INTERGOVERNMENTAL REVENUES

Intergovernmental revenues were received by governmental fund types for the year ended June 30, 2011. They consist of the following:

State of Utah Class "C" road allotments	\$ 336,726
State contributions	112,592
County contributions	138,214
Federal contributions	<u>188,259</u>
Total	<u><u>\$ 775,791</u></u>

NOTE J – INTERFUND LOANS

Due to cash flow needs of the Golf Fund to purchase new golf carts, the sum of \$139,290 was advanced from the Capital Improvements Fund on April 1, 2007. The advance bears interest at 5.0 percent paid monthly for sixty months. The annual repayment requirement for the advance at June 30, 2011 was as follows:

Fiscal Year Ending		
June 30,	PRINCIPAL	INTEREST
2012	\$ 23,139	\$ 484
Total	<u>\$ 23,139</u>	<u>\$ 484</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

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 \$50,000 per each occurrence for general liability, errors and omissions, and auto. The City purchases commercial insurance for claims in excess of coverage provided by the Self Insurance Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Liabilities are recorded for any claim or judgment when information available prior to issuance of the financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Unpaid claims as of June 30, 2009	\$	-
Incurred claims		50,940
Claim payments		50,940
		<hr style="width: 100%;"/>
Unpaid claims as of June 30, 2010		-
Incurred claims		75,041
Claim payments		75,041
		<hr style="width: 100%;"/>
Unpaid claims as of June 30, 2011	\$	<u><u>-</u></u>

NOTE L – BUDGET RECONCILIATION

A reconciliation of the original 2010-2011 budget, to the final legally adopted budget for all governmental fund types net of transfers approved in June 2011 is as follows:

		<u>Original Budget</u>		<u>Increase (Decrease)</u>		<u>Budget as Revised</u>
General Fund:						
Revenues	\$	22,183,870	\$	(472,056)	\$	21,711,814
Expenditures		22,241,322		845,444		23,086,766
Debt Service Funds:						
Revenues	\$	4,650,317	\$	430,133	\$	5,080,450
Expenditures		7,258,907		(471,608)		6,787,299
Capital Projects Funds:						
Revenues	\$	7,787,709	\$	807,468	\$	8,595,177
Expenditures		5,227,944		37,496,628		42,724,572

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE M – INTERFUND TRANSFERS

Fund Financial Statements

Transfers were made to and from several funds during the course of the year ended June 30, 2011. 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 \$800,000 to the Equipment Replacement Capital Projects Fund for future replacement of rolling stock and computer equipment. Several funds transferred a total of \$1,995,402 to the Sales Tax Revenue Bond Debt Service Fund to support principal and interest payments on debt. Transfers to the General Fund were comprised of: \$100,000 received from the Lower Park Avenue RDA Capital Projects Fund, \$30,000 received from the Main Street RDA Capital Projects Fund, \$654,629 from the Water Fund, \$634,730 from the Transportation and Parking Fund and \$101,085 from the Golf Fund for administrative expenses. Lower Park Avenue Debt Service Bond proceeds of \$1.5 million were transferred from Sales Tax Revenue Bond Debt Service Fund to refund the 1998 Lower Park Avenue RDA Bond for the year ended June 30, 2011:

Transfers into:						
Governmental Activities					Business-Type Activities	
Major Funds						
General Fund	Lower Park Avenue RDA - CIP	Sales Tax Revenue & Refunding - DSF	Nonmajor Funds	Golf Course Fund	Total	
Transfers out from:						
Governmental activities						
Major funds:						
General fund	\$ -	\$ 178,247	\$ 800,000	\$ 25,000	\$ 1,003,247	
Capital Improvement Fund	-	134,366	-	-	134,366	
Dsf sales tax revenue bonds	-	-	1,505,929	-	1,505,929	
Debt service fund g.o. bonds	-	-	-	-	-	
RDA cip - park ave	100,000	-	350,000	-	450,000	
Nonmajor funds:						
Other funds	30,000	423,237	920,000	-	1,373,237	
Business-type activities						
Water fund	654,629	-	492,423	-	1,147,052	
Transportation and parking	634,730	-	270,366	-	905,096	
Golf course fund	101,085	-	-	-	101,085	
Total	\$ 1,520,444	\$ 423,237	\$ 1,995,402	\$ 2,655,929	\$ 25,000	\$ 6,620,012

Government-Wide Financial Statements

Per GASB Statement No. 34, all interfund transfers within governmental activities and business-type activities are eliminated. The table above does not include a transfer of capital assets from the governmental activities to the business-type activities. During the year, the City transferred \$168,969 of water improvements to the Water Fund which is a proprietary fund. 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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

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.

NOTE O – UNEARNED REVENUE

Government-Wide Financial Statements

The following is the unearned revenue at June 30, 2011.

	Governmental Activities
Property tax levied - not yet collected	\$ 17,546,341

Fund Financial Statements

At June 30, 2011, the following unearned revenues were recorded in the fund financial statements because the funds were not available to finance expenditures of the current period.

	General	Debt Service - Park City General Obligation	Capital Projects - Capital Improvement Fund	Capital Projects - Lower Park Avenue Redevelopment Agency	Other Governmental Funds	Total
Mortgage assistance loans to employees	\$ 6,000	\$ -	\$ 153,822	\$ -	\$ -	\$ 159,822
Loan to Elliott Work Group Dev.	-	-	-	1,732,899	-	1,732,899
Loan to Park City Historical Society	-	-	-	-	244,981	244,981
Property tax levied-not yet collected	8,837,616	4,661,349	-	2,747,376	1,300,000	17,546,341
Land/buildings held for resale	-	-	5,500,610	-	-	5,500,610
Total	\$ 8,843,616	\$ 4,661,349	\$ 5,654,432	\$ 4,480,275	\$ 1,544,981	\$ 25,184,653

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

NOTE P – CONDUIT DEBT

On December 18, 2007 the City issued \$20,120,000 of 2007 Multi-Mode Variable Rate Revenue Bonds on behalf of the United States Ski and Snowboard Association (USSA), a nonprofit corporation. The bonds bear interest at a variable rate not to exceed 10% per annum and mature April 1, 2027. The bonds were used to partially finance the construction of The USSA Center of Excellence, an athletic training and office facility located in Park City. The bonds are secured by a pledge of revenues under the Bond Indenture and an irrevocable letter of credit issued by Wells Fargo Bank. Neither the City's General Fund nor the full faith and credit of the City are pledged for the payment of principal or interest on the bonds. Since the bonds do not constitute a debt of the City, they are not reported in the accompanying financial statements. The principal balance of outstanding bonds was \$20,120,000 at June 30, 2011.

NOTE Q – POLLUTION REMEDIATION

In November 2006, the Government Accounting Standards Board (GASB) issued GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement 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. Pollution remediation obligations exclude pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care. GASB 49 identifies the obligating events, which require the City to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

On December 30, 2008, Park City Municipal Corporation and Summit County purchased as tenants in common approximately 107 acres of land that are outside the City limits. Prior to the purchase, soil testing was conducted on the property and it was found that a portion of the parcel is contaminated by lead and other contaminants due to prior upstream mining activity by others and needs remediation. The City, Summit County, and the two sellers of the land agreed in writing to each contribute the lesser of (a) twenty-five percent (25%) of the remediation costs incurred; or (b) \$200,000. The City's Environmental Coordinator estimates that the cost to remediate the parcel would be approximately \$450,000. The City's twenty-five percent (25%) share would be approximately \$112,500. The estimate of \$450,000 is measured at current value using the expected cash flow technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. This technique uses all expectations about possible cash flows. The pollution remediation obligation is an estimate subject to changes resulting from price increases or reductions, technology, or changes in applicable laws and regulations. The City's legal obligation to share in this cleanup is an obligating event pursuant to GASB 49. Pollution remediation outlays should be capitalized in the government-wide and proprietary fund statements when property is acquired with known or suspected pollution that was expected to be remediated because it is assumed that the property was acquired at a discount because of the remediation. The financial reporting impact and effect was the recognition of a liability and the capitalization of an asset for \$112,500. The City entered into a Voluntary Clean-up Agreement with the Utah Department of Environmental Quality (UDEQ) to develop a remediation work plan for this property.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2011

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 – SUBSEQUENT EVENTS

On September 9, 2011, the Park City Historical Society pre-paid the remaining balance due of \$244,981 on their Promissory Note to the City that was dated November 26, 2007. Upon full payment of the Society's Promissory Note, the Park City Municipal Building Authority paid in full the outstanding balance of \$244,981 on the 2007 MBA Lease Revenue Bonds.

On November 17, 2011, City Council approved a Purchase Agreement with Ivory Development LLC, in the amount of \$15,500,000 selling the City's undivided co-tenancy interest and Boyer Park City Junction LC's interest in 195 acres of unimproved land within the Park City Heights Master Planned Development, as well as one other unimproved parcel within the same Master Planned Development wholly owned by Park City Municipal Corporation.

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**SUPPLEMENTARY
INFORMATION**

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NONMAJOR GOVERNMENTAL FUNDS

Lower Park Avenue Redevelopment Agency Debt Service Fund – Accounts for the accumulation of money for the repayment of the 1998 series tax increment revenue bonds. The principal source of revenue is property tax increment from the 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, 2011

	Capital Projects Funds			Total Nonmajor Governmental
	Main Street Redevelopment Agency	Municipal Building Authority	Equipment Replacement CIP	
ASSETS				
Cash, cash equivalents and investments held by city	\$ 2,036,712	\$ 520,629	\$ 1,372,628	\$ 3,929,969
Receivables				
Taxes	1,300,000	-	-	1,300,000
Accounts	212	266	-	478
Notes	-	244,981	-	244,981
Total assets	<u>\$ 3,336,924</u>	<u>\$ 765,876</u>	<u>\$ 1,372,628</u>	<u>\$ 5,475,428</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 346,121	\$ -	\$ 105,308	\$ 451,429
Deferred revenue	1,300,000	244,981	-	1,544,981
Total liabilities	<u>1,646,121</u>	<u>244,981</u>	<u>105,308</u>	<u>1,996,410</u>
Fund balances				
Assigned-capital projects	1,690,803	520,895	1,267,320	3,479,018
Total liabilities and fund balances	<u>\$ 3,336,924</u>	<u>\$ 765,876</u>	<u>\$ 1,372,628</u>	<u>\$ 5,475,428</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, 2011

	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>			<u>Total</u>	<u>Total Nonmajor Governmental</u>
	<u>Lower Park Ave. Redevelopment Agency</u>	<u>Main Street Redevelopment Agency</u>	<u>Municipal Building Authority</u>	<u>Equipment Replacement CIP</u>		
Revenues						
Taxes and special assessments	\$ -	\$ 1,249,086	\$ -	\$ -	\$ 1,249,086	\$ 1,249,086
Investment income	3,133	14,317	17,488	-	31,805	34,938
Rental and other miscellaneous	400,000	-	600,000	-	600,000	1,000,000
Total revenues	<u>403,133</u>	<u>1,263,403</u>	<u>617,488</u>	<u>-</u>	<u>1,880,891</u>	<u>2,284,024</u>
Expenditures						
Capital outlay	-	356,720	10,000	506,333	873,053	873,053
Debt service						
Principal retirement	-	-	600,000	-	600,000	600,000
Interest	65,554	-	15,946	-	15,946	81,500
Total expenditures	<u>65,554</u>	<u>356,720</u>	<u>625,946</u>	<u>506,333</u>	<u>1,488,999</u>	<u>1,554,553</u>
Excess (deficiency) of revenues over (under) expenditures	<u>337,579</u>	<u>906,683</u>	<u>(8,458)</u>	<u>(506,333)</u>	<u>391,892</u>	<u>729,471</u>
Other financing sources (uses)						
Payment to refunded bondholders	(2,655,000)	-	-	-	-	(2,655,000)
Sale of capital assets	-	-	-	72,895	72,895	72,895
Transfers in	1,855,929	-	-	800,000	800,000	2,655,929
Transfers out	(423,237)	(950,000)	-	-	(950,000)	(1,373,237)
Total other financing sources (uses)	<u>(1,222,308)</u>	<u>(950,000)</u>	<u>-</u>	<u>872,895</u>	<u>(77,105)</u>	<u>(1,299,413)</u>
Net change in fund balances	(884,729)	(43,317)	(8,458)	366,562	314,787	(569,942)
Fund balances - beginning	884,729	1,734,120	529,353	900,758	3,164,231	4,048,960
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,690,803</u>	<u>\$ 520,895</u>	<u>\$ 1,267,320</u>	<u>\$ 3,479,018</u>	<u>\$ 3,479,018</u>

Park City Municipal Corporation, Utah
Sales Tax Revenue and Refunding Bonds Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues - investment income	\$ -	\$ -	\$ 8,547	\$ 8,547
Expenditures:				
Debt service				
Principal retirement	1,445,000	1,445,000	1,445,000	-
Interest	498,013	511,188	501,680	(9,508)
Bond issuance costs	-	51,663	51,663	-
Total expenditures	<u>1,943,013</u>	<u>2,007,851</u>	<u>1,998,343</u>	<u>(9,508)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,943,013)</u>	<u>(2,007,851)</u>	<u>(1,989,796)</u>	<u>18,055</u>
Other financing sources (uses)				
Refunding bonds issued	-	1,525,000	1,525,000	-
Premium on refunding bonds	-	33,592	33,592	-
Transfers in	1,995,402	1,995,402	1,995,402	-
Transfers out	-	(1,505,929)	(1,505,929)	-
Total other financing sources	<u>1,995,402</u>	<u>2,048,065</u>	<u>2,048,065</u>	<u>-</u>
Net change in fund balances	52,389	40,214	58,269	18,055
Fund balance - beginning	1,782,404	1,822,998	1,822,998	-
Fund balance - ending	<u>\$ 1,834,793</u>	<u>\$ 1,863,212</u>	<u>\$ 1,881,267</u>	<u>\$ 18,055</u>

Park City Municipal Corporation, Utah
General Obligation Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
General property tax	\$ 4,558,315	\$ 4,558,315	\$ 4,558,315	\$ -
Delinquent prior years' taxes	12,000	12,000	12,000	-
Investment income	-	27,000	26,019	(981)
Rental and other miscellaneous	80,002	80,002	80,002	-
Total revenues	<u>4,650,317</u>	<u>4,677,317</u>	<u>4,676,336</u>	<u>(981)</u>
Expenditures:				
Debt service				
Principal retirement	3,240,000	3,240,000	3,240,000	-
Interest	1,473,894	1,473,894	1,448,247	25,647
Total expenditures	<u>4,713,894</u>	<u>4,713,894</u>	<u>4,688,247</u>	<u>25,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,577)</u>	<u>(36,577)</u>	<u>(11,911)</u>	<u>24,666</u>
Net change in fund balances	(63,577)	(36,577)	(11,911)	24,666
Fund balance - beginning	391,693	420,157	381,163	(38,994)
Fund balance - ending	<u>\$ 328,116</u>	<u>\$ 383,580</u>	<u>\$ 369,252</u>	<u>\$ (14,328)</u>

Park City Municipal Corporation, Utah
Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes and special assessments	\$ 921,209	\$ 1,469,639	\$ 2,000,000	\$ 530,361
Intergovernmental	1,350,000	1,671,208	639,098	(1,032,110)
Investment income	-	60,000	179,364	119,364
Impact fees	610,500	233,000	191,521	(41,479)
Miscellaneous	200,000	690,330	640,662	(49,668)
Total revenues	<u>3,081,709</u>	<u>4,124,177</u>	<u>3,650,645</u>	<u>(473,532)</u>
Expenditures:				
Capital outlay				
Land and building acquisition	-	1,352,210	-	1,352,210
Street and storm drain improvements	1,485,500	4,376,525	983,820	3,392,705
Building renovation and construction	442,709	11,342,012	5,345,361	5,996,651
Improvements other than building	605,235	18,364,676	4,317,028	14,047,648
City parks and cemetery improvements	38,000	486,425	238,420	248,005
Equipment	175,000	496,630	123,423	373,207
Total expenditures	<u>2,746,444</u>	<u>36,418,478</u>	<u>11,008,052</u>	<u>25,410,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>335,265</u>	<u>(32,294,301)</u>	<u>(7,357,407)</u>	<u>24,936,894</u>
Other financing sources (uses)				
Sale of capital assets	-	377,000	382,025	5,025
Transfers out	(134,366)	(134,366)	(134,366)	-
Total other financing sources (uses)	<u>(134,366)</u>	<u>242,634</u>	<u>247,659</u>	<u>5,025</u>
Net change in fund balances	200,899	(32,051,667)	(7,109,748)	24,941,919
Fund balance - beginning	<u>2,594,736</u>	<u>33,954,635</u>	<u>34,074,574</u>	<u>119,939</u>
Fund balance - ending	<u>\$ 2,795,635</u>	<u>\$ 1,902,968</u>	<u>\$ 26,964,826</u>	<u>\$ 25,061,858</u>

Park City Municipal Corporation, Utah
Lower Park Avenue Redevelopment Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property tax	\$ 2,936,000	\$ 2,525,000	\$ 2,577,316	\$ 52,316
Investment income	-	26,000	67,104	41,104
Rental and other miscellaneous	-	-	800	800
Total revenues	<u>2,936,000</u>	<u>2,551,000</u>	<u>2,645,220</u>	<u>94,220</u>
Expenditures:				
Capital outlay				
Land and building acquisition	-	1,985,268	325,517	1,659,751
Street and storm drain improvements	-	42,345	2,500	39,845
Improvements other than building	805,000	1,043,576	735,835	307,741
City parks and cemetery improvements	-	15,761	2,925	12,836
Total expenditures	<u>805,000</u>	<u>3,086,950</u>	<u>1,066,777</u>	<u>2,020,173</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,131,000</u>	<u>(535,950)</u>	<u>1,578,443</u>	<u>2,114,393</u>
Other financing sources (uses)				
Sale of capital assets	-	670,000	669,516	(484)
Transfers in	-	423,237	423,237	-
Transfers out	(630,000)	(450,000)	(450,000)	-
Total other financing sources (uses)	<u>(630,000)</u>	<u>643,237</u>	<u>642,753</u>	<u>(484)</u>
Net change in fund balances	1,501,000	107,287	2,221,196	2,113,909
Fund balance - beginning	3,980,016	5,634,431	5,650,197	15,766
Fund balance - ending	<u>\$ 5,481,016</u>	<u>\$ 5,741,718</u>	<u>\$ 7,871,393</u>	<u>\$ 2,129,675</u>

Park City Municipal Corporation, Utah
Lower Park Avenue Redevelopment Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ -	\$ 3,133	\$ 3,133	\$ -
Rental and other miscellaneous	-	400,000	400,000	-
Total revenues	<u>-</u>	<u>403,133</u>	<u>403,133</u>	<u>-</u>
Expenditures:				
Debt service				
Principal retirement	465,000	-	-	-
Interest	137,000	65,554	65,554	-
Total expenditures	<u>602,000</u>	<u>65,554</u>	<u>65,554</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(602,000)</u>	<u>337,579</u>	<u>337,579</u>	<u>-</u>
Other financing sources (uses)				
Payment to refunded bondholders	-	(2,655,000)	(2,655,000)	-
Transfers in	600,000	1,855,929	1,855,929	-
Transfers out	-	(423,237)	(423,237)	-
Total other financing sources (uses)	<u>600,000</u>	<u>(1,222,308)</u>	<u>(1,222,308)</u>	<u>-</u>
Net change in fund balances	(2,000)	(884,729)	(884,729)	-
Fund balance - beginning	876,945	884,729	884,729	-
Fund balance - ending	<u>\$ 874,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Park City Municipal Corporation, Utah
Main Street Redevelopment Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property tax	\$ 1,300,000	\$ 1,300,000	\$ 1,249,086	\$ (50,914)
Investment income	-	5,000	14,317	9,317
Total revenues	<u>1,300,000</u>	<u>1,305,000</u>	<u>1,263,403</u>	<u>(41,597)</u>
Expenditures:				
Capital outlay				
Building renovation and construction	-	20,000	2,235	17,765
Improvements other than building	405,000	962,513	354,485	608,028
Total expenditures	<u>405,000</u>	<u>982,513</u>	<u>356,720</u>	<u>625,793</u>
Excess of revenues over expenditures	<u>895,000</u>	<u>322,487</u>	<u>906,683</u>	<u>584,196</u>
Other financing (uses)-transfers out	<u>(950,000)</u>	<u>(950,000)</u>	<u>(950,000)</u>	<u>-</u>
Net change in fund balances	(55,000)	(627,513)	(43,317)	584,196
Fund balance - beginning	1,122,522	1,728,313	1,734,120	5,807
Fund balance - ending	<u>\$ 1,067,522</u>	<u>\$ 1,100,800</u>	<u>\$ 1,690,803</u>	<u>\$ 590,003</u>

Park City Municipal Corporation, Utah
Municipal Building Authority Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 20,000	\$ 15,000	\$ 17,488	\$ 2,488
Rental and other miscellaneous	450,000	600,000	600,000	-
Total revenues	<u>470,000</u>	<u>615,000</u>	<u>617,488</u>	<u>2,488</u>
Expenditures:				
Capital outlay				
Building renovation and construction	-	10,000	10,000	-
Debt service				
Principal retirement	450,000	600,000	600,000	-
Interest	21,500	16,500	15,946	554
Total expenditures	<u>471,500</u>	<u>626,500</u>	<u>625,946</u>	<u>554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,500)</u>	<u>(11,500)</u>	<u>(8,458)</u>	<u>3,042</u>
Net change in fund balances	(1,500)	(11,500)	(8,458)	3,042
Fund balance - beginning	530,305	527,583	529,353	1,770
Fund balance - ending	<u>\$ 528,805</u>	<u>\$ 516,083</u>	<u>\$ 520,895</u>	<u>\$ 4,812</u>

Park City Municipal Corporation, Utah
Equipment Replacement Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Capital outlay - equipment	800,000	1,610,131	506,333	1,103,798
Total expenditures	<u>800,000</u>	<u>1,610,131</u>	<u>506,333</u>	<u>1,103,798</u>
Other financing sources				
Sale of capital assets	-	65,000	72,895	7,895
Transfers in	800,000	800,000	800,000	-
Total other financing sources	<u>800,000</u>	<u>865,000</u>	<u>872,895</u>	<u>7,895</u>
Net change in fund balances	-	(745,131)	366,562	1,111,693
Fund balance - beginning	59,801	900,758	900,758	-
Fund balance - ending	<u>\$ 59,801</u>	<u>\$ 155,627</u>	<u>\$ 1,267,320</u>	<u>\$ 1,111,693</u>

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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 Assets
Internal Service Funds
June 30, 2011

	Fleet Services Fund	Self- Insurance Fund	Total
ASSETS			
Current assets:			
Cash, cash equivalents and investments	\$ 471,598	\$ 1,934,332	\$ 2,405,930
Accounts receivable	42,725	-	42,725
Inventories	179,438	-	179,438
Total current assets	693,761	1,934,332	2,628,093
Capital assets			
Vehicles and equipment	47,450	-	47,450
Accumulated depreciation	(47,450)	-	(47,450)
Net capital assets	-	-	-
Total assets	693,761	1,934,332	2,628,093
LIABILITIES			
Current liabilities:			
Accounts payable	91,922	67,232	159,154
Compensated absences	12,465	-	12,465
Total current liabilities	104,387	67,232	171,619
Noncurrent liability-compensated absences	26,695	-	26,695
Total liabilities	131,082	67,232	198,314
Total net assets-unrestricted	\$ 562,679	\$ 1,867,100	\$ 2,429,779

Park City Municipal Corporation, Utah
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2011

	Fleet Services Fund	Self- Insurance Fund	Total
Operating revenues			
Charges for services	\$ 2,428,600	\$ 1,054,000	\$ 3,482,600
Total operating revenues	<u>2,428,600</u>	<u>1,054,000</u>	<u>3,482,600</u>
Operating expenses			
Salaries and benefits	582,213	65,896	648,109
Supplies, maintenance and services	537,240	851,993	1,389,233
Energy and utilities	1,077,479	-	1,077,479
Total operating expenses	<u>2,196,932</u>	<u>917,889</u>	<u>3,114,821</u>
Income from operations and change in net assets	<u>231,668</u>	<u>136,111</u>	<u>367,779</u>
Net assets - beginning	331,011	1,730,989	2,062,000
Net assets - ending	<u>\$ 562,679</u>	<u>\$ 1,867,100</u>	<u>\$ 2,429,779</u>

Park City Municipal Corporation, Utah
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

	Fleet Services Fund	Self- Insurance Fund	Total
Cash flows from operating activities			
Receipts from customers	\$ 2,438,838	\$ 1,054,000	\$ 3,492,838
Payments to suppliers	(1,651,293)	(794,034)	(2,445,327)
Payments to employees	(590,287)	(65,896)	(656,183)
Net cash provided by operating activities	<u>197,258</u>	<u>194,070</u>	<u>391,328</u>
 Net increase in cash, cash equivalents and investments	 197,258	 194,070	 391,328
 Balances—beginning of the year	 <u>274,340</u>	 <u>1,740,262</u>	 <u>2,014,602</u>
 Balances—end of the year	 <u>\$ 471,598</u>	 <u>\$ 1,934,332</u>	 <u>\$ 2,405,930</u>
 Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 231,668	\$ 136,111	\$ 367,779
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Receivables, net	10,238	-	10,238
Inventories	(24,720)	-	(24,720)
Accounts and other payables	(11,551)	57,959	46,408
Accrued expenses	(8,377)	-	(8,377)
 Net cash provided by operating activities	 <u>\$ 197,258</u>	 <u>\$ 194,070</u>	 <u>\$ 391,328</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 Liability
For the Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
Park City Agency				
Assets				
Cash, cash equivalents and investments	\$ <u>1,250,543</u>	\$ <u>699,349</u>	\$ <u>(761,690)</u>	\$ <u>1,188,202</u>
Liability				
Deposits	\$ <u>1,250,543</u>	\$ <u>699,349</u>	\$ <u>(761,690)</u>	\$ <u>1,188,202</u>

STATISTICAL SECTION

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

Contents	Page
Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Net Assets by Component	98
Changes in Net Assets	99
Fund Balances of Governmental Funds	101
Changes in Fund Balances of Governmental Funds	102
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, property tax, in addition to other types of tax revenues.	
General Government Tax Revenues by Source	103
Assessed Value of Taxable Property Excluding Fee-In-Lieu	104
Assessed Value of Taxable Property Including Fee-In-Lieu	105
Taxable Sales by Category	106
Direct and Overlapping Property Tax Rates	107
Direct and Overlapping Sales Tax Rate	108
Principal Property Taxpayers	109
City Tax Revenue Collected by County	110
Property Tax Levies and Collections	111
Debt Capacity -These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Ratios of Outstanding Debt by Type	112
Ratios of General Bonded Debt Outstanding	113
Direct and Overlapping Governmental Activities Debt	114
Legal Debt Margin Information	115
Pledged Revenue Coverage	116
Water Fund Refunding Revenue Bonds	117
Demographic and Economic Information -These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Demographic and Economic Statistics	118
Principal Employers	119
Operating Information -These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
Full-time Equivalent City Government Employees by Function	120
Population Statistics	121
Transient Room Capacity as a Percentage of Population	122
Historical Pledged Taxes	123
Operating Indicators by Function	124
Capital Asset Statistics by Function	125
Schedule of Insurance in Force	126
Five-Year Financial Summaries	127

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 76,844,603	\$ 81,377,025	\$ 84,556,119	\$ 89,314,177	\$ 94,499,292	\$ 104,268,572	\$ 126,232,311	\$ 133,919,927
Restricted	4,758,014	24,563,680	13,382,225	9,601,159	6,881,623	16,373,427	8,409,654	4,523,349
Unrestricted	41,563,061	27,672,420	45,952,484	58,692,064	64,231,443	46,530,239	40,053,884	39,298,940
Total governmental activities net assets	<u>\$ 123,165,678</u>	<u>\$ 133,613,125</u>	<u>\$ 143,890,828</u>	<u>\$ 157,607,400</u>	<u>\$ 165,612,358</u>	<u>\$ 167,172,238</u>	<u>\$ 174,695,849</u>	<u>\$ 177,742,216</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 30,621,505	\$ 34,255,631	\$ 33,886,798	\$ 34,285,569	\$ 33,742,422	\$ 36,546,622	\$ 45,544,573	\$ 51,237,710
Restricted	4,890,128	3,764,831	8,732,350	9,745,959	8,881,500	9,254,588	22,052,008	9,905,734
Unrestricted	5,071,623	6,280,644	5,208,267	10,525,780	16,473,348	17,152,620	234,871	11,465,665
Total business-type activities net assets	<u>\$ 40,583,256</u>	<u>\$ 44,301,106</u>	<u>\$ 47,827,415</u>	<u>\$ 54,557,308</u>	<u>\$ 59,097,270</u>	<u>\$ 62,953,830</u>	<u>\$ 67,831,452</u>	<u>\$ 72,609,109</u>
Primary government								
Invested in capital assets, net of related debt	\$ 107,466,108	\$ 115,632,656	\$ 118,442,917	\$ 123,599,746	\$ 128,241,714	\$ 140,815,194	\$ 171,776,884	\$ 185,157,637
Restricted	9,648,142	28,328,511	22,114,575	19,347,118	15,763,123	25,628,015	30,461,662	14,429,083
Unrestricted	46,634,684	33,953,064	51,160,751	69,217,844	80,704,791	63,682,859	40,288,755	50,764,605
Total primary government net assets	<u>\$ 163,748,934</u>	<u>\$ 177,914,231</u>	<u>\$ 191,718,243</u>	<u>\$ 212,164,708</u>	<u>\$ 224,709,628</u>	<u>\$ 230,126,068</u>	<u>\$ 242,527,301</u>	<u>\$ 250,351,325</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities:								
General government	\$ 7,846,791	\$ 6,493,178	\$ 9,793,758 (1)	\$ 9,104,598	\$ 13,410,484	\$ 15,340,741	\$ 15,424,562	\$ 13,876,694
Public safety	3,105,264	3,296,810	3,614,976	3,639,734	4,150,644	4,243,055	4,410,647	4,523,175
Public works	7,466,892	7,679,736	7,806,325	7,945,868	9,355,418	8,464,545	8,186,146	7,539,516
Library and recreation	2,668,135	2,333,871	2,569,725	2,858,010	3,181,083	3,234,338	3,252,784	3,146,783
Interest on long-term debt	1,416,853	1,875,384	1,864,527	1,742,611	1,615,426	1,767,188	2,213,998	2,039,807
Total governmental activities expenses	<u>22,503,935</u>	<u>21,678,979</u>	<u>25,649,311</u>	<u>25,290,821</u>	<u>31,713,055</u>	<u>33,049,867</u>	<u>33,488,137</u>	<u>31,125,975</u>
Business-type activities:								
Water	5,635,628	5,586,033	5,126,182	6,021,603	5,953,499	7,895,070	9,220,606	9,168,368
Transportation and parking	4,485,535	5,057,840	5,664,315	6,822,384	7,244,088	7,167,411	9,406,997	8,433,607
Golf course	1,345,877	1,218,127	1,197,417	1,609,662	1,236,033	1,280,080	1,182,865	1,291,645
Total business-type activities expenses	<u>11,467,040</u>	<u>11,862,000</u>	<u>11,987,914</u>	<u>14,453,649</u>	<u>14,433,620</u>	<u>16,342,561</u>	<u>19,810,468</u>	<u>18,893,620</u>
Total primary government expenses	<u>\$ 33,970,975</u>	<u>\$ 33,540,979</u>	<u>\$ 37,637,225</u>	<u>\$ 39,744,470</u>	<u>\$ 46,146,675</u>	<u>\$ 49,392,428</u>	<u>\$ 53,298,605</u>	<u>\$ 50,019,595</u>
Program Revenues								
Governmental activities:								
Charges for services								
General government	\$ 1,808,891	\$ 3,272,967	\$ 3,605,851	\$ 4,440,720	\$ 5,807,731	\$ 3,120,334	\$ 1,535,425	\$ 1,959,149
Public safety	8,670	4,920	4,625	2,290	1,350	1,695	2,550	2,700
Public works	16,670	20,000	54,660	50,515	209,828	249,405	201,643	219,843
Library and recreation	883,021	946,460	1,078,903	1,091,658	1,147,238	1,236,024	1,107,536	836,328
Operating grants and contributions	157,519	53,418	191,803	126,395	158,494	111,044	88,142	126,759
Capital grants and contributions	4,487,886	3,365,287	1,994,234	817,530	1,951,362	3,163,329	8,827,676	649,032
Total governmental activities program revenues	<u>7,362,657</u>	<u>7,663,052</u>	<u>6,930,076</u>	<u>6,529,108</u>	<u>9,276,003</u>	<u>7,881,831</u>	<u>11,762,972</u>	<u>3,793,811</u>
Business-type activities:								
Charges for services								
Water	4,443,168	3,972,634	5,314,807	6,002,411	5,814,397	7,233,359	7,370,380	8,416,666
Transportation and parking	1,705,022	2,250,236	2,535,187	2,840,910	3,280,270	3,421,979	3,842,616	3,495,838
Golf course	958,295	857,200	896,091	948,753	955,473	994,049	843,621	878,237
Operating grants and contributions	188,377	339,700	-	1,536,448	54,774	1,186,122	3,219,683	-
Capital grants and contributions	391,320	4,746,137	3,099,552	5,134,055	4,097,331	4,095,971	4,449,296	6,367,580
Total business-type activities program revenues	<u>7,686,182</u>	<u>12,165,907</u>	<u>11,845,637</u>	<u>16,462,577</u>	<u>14,202,245</u>	<u>16,931,480</u>	<u>19,725,596</u>	<u>19,158,321</u>
Total primary government program revenues	<u>\$ 15,048,839</u>	<u>\$ 19,828,959</u>	<u>\$ 18,775,713</u>	<u>\$ 22,991,685</u>	<u>\$ 23,478,248</u>	<u>\$ 24,813,311</u>	<u>\$ 31,488,568</u>	<u>\$ 22,952,132</u>
Net (expense)/revenue								
Governmental activities	\$ (15,141,278)	\$ (14,015,927)	\$ (18,719,235)	\$ (18,761,713)	\$ (22,437,052)	\$ (25,168,036)	\$ (21,725,165)	\$ (27,332,164)
Business-type activities	<u>(3,780,858)</u>	<u>303,907</u>	<u>(142,277)</u>	<u>2,008,928</u>	<u>(231,375)</u>	<u>588,919</u>	<u>(84,872)</u>	<u>264,701</u>
Total primary government net expense	<u>\$ (18,922,136)</u>	<u>\$ (13,712,020)</u>	<u>\$ (18,861,512)</u>	<u>\$ (16,752,785)</u>	<u>\$ (22,668,427)</u>	<u>\$ (24,579,117)</u>	<u>\$ (21,810,037)</u>	<u>\$ (27,067,463)</u>

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property tax, levied for general purposes	\$ 9,584,191	\$ 10,771,072	\$ 10,235,875	\$ 10,504,429	\$ 11,051,669	\$ 11,003,476	\$ 11,921,879	\$ 12,442,798
Property tax, levied for debt service	1,711,909	1,711,909	2,211,909	2,211,909	2,211,909	2,211,909	4,009,000	4,570,315
General sales and use tax	3,400,877	3,892,401	4,268,697	4,352,388	4,047,348	3,881,142	3,990,274	3,966,554
Franchise tax	1,854,981	2,309,090	2,715,184	2,529,915	2,748,571	2,720,272	2,774,319	2,906,982
Resort tax	3,158,783	3,954,810	4,261,186	5,155,164	5,157,557	4,709,483	4,483,804	5,022,250
Investment earnings	758,492	1,481,694	2,976,800	3,968,351	3,669,971	1,646,364	753,587	399,928
Miscellaneous	496,246	342,398	1,275,609	983,013	793,279	874,055	1,124,367	1,022,968
Gain/Loss on sale of capital assets	-	-	1,051,678	3,079,451	761,706	(46,785)	-	215,705
Transfers	2,189,364	-	-	-	-	-	(1,132,821)	(168,969)
Total governmental activities	23,154,843	24,463,374	28,996,938	32,784,620	30,442,010	26,999,916	27,924,409	30,378,531
Business-type activities:								
General sales and use tax	2,219,524	2,655,488	2,871,465	3,469,575	3,550,538	2,436,838	3,127,767	3,503,440
Investments earnings	148,436	275,885	465,996	821,835	892,754	543,562	339,629	438,221
Miscellaneous	433,609	482,570	331,125	429,555	328,045	287,241	362,277	402,326
Transfers	(2,189,364)	-	-	-	-	-	1,132,821	168,969
Total business-type activities	612,205	3,413,943	3,668,586	4,720,965	4,771,337	3,267,641	4,962,494	4,512,956
Total primary government	\$ 23,767,048	\$ 27,877,317	\$ 32,665,524	\$ 37,505,585	\$ 35,213,347	\$ 30,267,557	\$ 32,886,903	\$ 34,891,487
Change in Net Assets								
Governmental activities	\$ 8,013,565	\$ 10,447,447	\$ 10,277,703	\$ 14,022,907	\$ 8,004,958 (2)	\$ 1,831,880 (3)	\$ 6,199,244 (3)(4)	\$ 3,046,367 (4)
Business-type activities	(3,168,653)	3,717,850	3,526,309	6,729,893	4,539,962	3,856,560	4,877,622	4,777,657
Total primary government	\$ 4,844,912	\$ 14,165,297	\$ 13,804,012	\$ 20,752,800	\$ 12,544,920	\$ 5,688,440	\$ 11,076,866	\$ 7,824,024

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

- (1) In February 2006, the City began operation of the Quinn's Recreation Complex Ice Skating Arena. The expenses for operation of the arena are included in general government.
- (2) Decrease in governmental activities net assets is due to increases in general government, public safety and public works expense.
- (3) Decrease in governmental activities net assets is due to increases in payroll expenditures and the ice facility, which was open two more months in fy 2009 compared to fy 2008.
- (4) Decrease in governmental activities net assets is due to decreases in capitalizable grants and contributions.

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
General fund								
Unreserved, undesignated	\$ 2,992,064	\$ 3,216,779	\$ 3,120,657	\$ 4,614,015	\$ 3,672,132	\$ 3,747,296	\$ 3,894,972	\$ -
Unassigned	-	-	-	-	-	-	-	4,209,020
All other governmental funds								
Reserved								
Major capital projects funds-capital projects	\$ -	\$ 6,356,191 (1)	\$ 3,615,314	\$ 3,512,677	\$ 1,506,103	\$ 11,384,726	\$ 6,608,983	\$ -
Major debt service funds-capital projects	-	16,443,301 (1)	8,015,584	4,247,676	4,022,666	4,104,881	1,115,930	-
Major debt service	-	13,159	5,548	46,755	222,246	204,089	3,880	-
Nonmajor debt service funds-capital projects	2,630,600	1,025,952	1,061,227	1,111,655	-	-	-	-
Nonmajor debt service funds-debt service	2,127,414	725,077	684,552	682,396	1,130,608	679,731	680,861	-
Unreserved, designated								
Major capital projects funds	18,904,054	26,616,759	37,188,250 (2)	42,039,728 (2)	46,763,396 (2)	40,220,685 (2)	26,618,929 (2)	-
Nonmajor capital projects funds	4,497,301	3,272,704	3,551,772	3,469,259	3,140,465	1,798,846	1,948,358	-
Major debt service funds	177,742	451,885	436,235	488,982	652,121	647,183	1,084,351	-
Nonmajor debt service funds	1,141,311	337,744	58,800	118,394	187,889	198,251	203,868	-
Unreserved, undesignated								
Major capital projects funds	9,783,315	8,177,726	9,748,106	7,725,190	8,950,857	5,250,664	6,496,859	-
Major debt service funds	-	(300,875)	(6,232,622)	(2,684,701)	(2,501,669)	(2,384,282)	-	-
Nonmajor capital projects funds	795,495	1,944,705	1,856,919	2,078,624	76,071	570,697	1,215,873	-
Nonmajor debt service funds	(247,426)	-	112,581	-	1,094,765	-	-	-
Restricted for:								
Capital projects	-	-	-	-	-	-	-	4,490,602 (3)
Debt service	-	-	-	-	-	-	-	1,489
Drug and tobacco enforcement	-	-	-	-	-	-	-	31,258
Assigned:								
Capital projects funds	-	-	-	-	-	-	-	34,536,547
Debt service funds	-	-	-	-	-	-	-	1,537,118
Total all other governmental funds	\$ 39,809,806	\$ 65,064,328	\$ 60,102,266	\$ 62,836,635	\$ 65,245,518	\$ 62,675,471	\$ 45,977,892	\$ 40,597,014

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

(1) The increase in reserved fund balance in fiscal year 2005 was due to unspent bond proceeds from an issuance during the period for capital projects.

(2) Designated fund balance includes a transfer from the general fund to the capital projects improvement fund per the City's budget, as follows:

FY 2006-transfer of \$6.5 million; FY 2007-transfer of \$5.6 million; FY 2008-transfer of \$4.8 million; FY 2009-transfer of \$2.8 million; FY 2010-transfer of \$1.6 million;

(3) FY 2011- Implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions.

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Revenues								
Taxes and special assessments	\$ 19,688,976	\$ 22,584,930	\$ 23,715,701	\$ 24,781,947	\$ 25,235,186	\$ 24,523,906	\$ 27,038,657	\$ 28,939,586
Licenses and permits	1,144,028	2,154,641	2,250,004	2,686,965	3,286,754	1,702,201	808,055	1,067,438
Intergovernmental	838,767	662,954	933,555	843,925	1,310,951	601,868	690,912	775,791
Charges for services	959,759	1,053,161	1,375,512	1,603,390	1,640,952	1,785,328	1,705,148	1,526,455
Fines and forfeitures	26,947	25,766	28,622	26,981	44,855	43,825	40,562	28,833
Investment income	758,492	1,481,694	2,976,800	3,968,351	3,669,971	1,646,364	753,587	399,928
Impact fees	586,518	1,010,779	1,089,901	1,267,847	1,310,955	844,074	109,553	191,521
Rental and other miscellaneous	1,709,620	1,680,982	1,216,022	1,407,452	3,273,529	2,017,353	2,843,770	2,104,193
Total revenues	<u>25,713,107</u>	<u>30,654,907</u>	<u>33,586,117</u>	<u>36,586,858</u>	<u>39,773,153</u>	<u>33,164,919</u>	<u>33,990,244</u>	<u>35,033,745</u>
Expenditures								
General government	7,052,526	6,975,713	7,201,245	7,983,283	9,341,117	9,290,488	9,926,208	10,717,351
Public safety	3,008,490	3,219,448	3,509,959	3,565,474	3,986,114	3,929,574	4,118,458	4,266,143
Public works	3,410,777	3,746,378	4,021,580	4,098,548	5,426,957	4,464,352	4,366,909	4,422,633
Library and recreation	2,122,774	2,067,106	2,268,341	2,370,047	2,565,820	2,581,640	2,608,012	2,534,737
Debt Service								
Principal retirement	4,437,570	6,867,602	3,820,134	3,703,520	3,847,159	5,171,070	5,955,275	5,349,796
Interest	1,423,844	1,650,721	1,897,895	1,756,593	1,629,489	1,674,501	2,065,562	2,066,631
Bond issuance costs	-	264,195	-	-	43,417	261,213	137,262	51,663
Arbitrage rebate	-	-	-	-	-	-	31,874	-
Capital outlay	10,105,470	9,652,321	19,137,043	15,173,156	14,402,328	35,150,900	33,827,783	12,847,882
Total expenditures	<u>31,561,451</u>	<u>34,443,484</u>	<u>41,856,197</u>	<u>38,650,621</u>	<u>41,242,401</u>	<u>62,523,738</u>	<u>63,037,343</u>	<u>42,256,836</u>
Revenues (under) expenditures	(5,848,344)	(3,788,577)	(8,270,080)	(2,063,763)	(1,469,248)	(29,358,819)	(29,047,099)	(7,223,091)
Other financing sources (uses)								
Debt issuance	5,024,109	24,500,000	-	-	779,793	24,477,505	6,092,683	-
Refunding bonds issued	-	4,500,000	-	-	-	1,695,000	2,025,000	1,525,000
Payment to refunded bond holders	-	(387,745)	-	-	-	(1,695,000)	-	(2,655,000)
Payment to refunded bond escrow agent	-	(4,143,153)	-	-	-	-	(2,055,334)	-
Premium on debt issuance	-	173,975	-	-	-	270,712	89,739	-
Premium on refunding bonds	-	-	-	-	-	-	59,922	33,592
Discount on debt issuance	-	-	-	-	-	(25,209)	-	-
Capital contributions	-	2,000,000	-	-	-	-	-	-
Sale of capital assets	11,093	486,059	1,082,898	3,995,223	1,606,153	16,515	4,155,231	1,124,436
Transfers in	11,827,304	26,788,395	27,192,306	11,754,974	11,673,653	30,892,855	12,836,826	6,595,012
Transfers out	(9,440,487)	(24,649,717)	(25,063,308)	(9,458,707)	(11,123,351)	(28,768,442)	(10,706,871)	(4,466,779)
Total other financing sources	<u>7,422,019</u>	<u>29,267,814</u>	<u>3,211,896</u>	<u>6,291,490</u>	<u>2,936,248</u>	<u>26,863,936</u>	<u>12,497,196</u>	<u>2,156,261</u>
Net change in fund balances	\$ <u>1,573,675</u>	\$ <u>25,479,237</u>	\$ <u>(5,058,184)</u>	\$ <u>4,227,727</u>	\$ <u>1,467,000</u>	\$ <u>(2,494,883)</u>	\$ <u>(16,549,903)</u>	\$ <u>(5,066,830)</u>
Debt Service as a percentage of noncapital expenditures	27%	35%	25%	21%	18%	21%	24%	23%

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

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales and Use Tax</u>	<u>Franchise Tax</u>	<u>Resort Tax</u>	<u>Total</u>
2002	\$ 7,303,205	\$ 3,707,373	\$ 1,641,647	\$ 3,136,399	\$ 15,788,624
2003	7,045,425	3,213,567	1,702,577	3,039,168	15,000,737
2004	7,865,133	3,400,877	1,854,981	3,158,783	16,279,774
2005	8,955,565	3,892,401	2,309,090	3,954,810	19,111,866
2006	8,942,736	4,268,697	2,715,184	4,261,186	20,187,803
2007	8,968,068	4,352,388	2,529,915	5,155,164	21,005,535
2008	9,353,405	4,047,348	2,748,571	5,157,557	21,306,881
2009	9,148,584	3,881,142	2,720,272	4,709,483	20,459,481
2010	11,750,185	3,990,274	2,774,319	4,483,804	22,998,582
2011	13,217,398	3,966,554	2,906,982	3,022,250	23,113,184

Change:
2002-2011 74.6% 25.5% 87.4% 47.7% 46.4%

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

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

<u>Calendar Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Miscellaneous Property</u>	<u>Total Assessed Value</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2002	\$ 3,003,739	\$ 314,503	\$ 54,165	\$ 3,372,407	\$ 3,197,541	0.002204 %
2003	3,154,215	308,415	53,764	3,516,394	3,248,321	0.002132
2004	3,182,705	314,184	51,877	3,548,766	3,366,694	0.002267
2005	3,288,957	318,780	51,642	3,659,379	3,472,236	0.002525
2006	3,515,024	381,696	44,779	3,941,499	3,761,216	0.002349
2007	4,262,087	381,117	44,846	4,688,051	4,494,052	0.001983
2008	5,302,168	513,362	31,845	5,847,375	5,522,763	0.001674
2009	6,505,709	523,062	35,652	7,064,423	6,783,652	0.001779
2010	6,456,810	566,964	33,650	7,057,424	6,073,486	0.002148
2011	5,515,632	584,026	35,886	6,135,544	6,845,702	0.002130

Source: Summit County Assessor's Office

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

<u>Calendar Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Miscellaneous Property</u>	<u>Fee-In-Lieu Value</u>	<u>Total Assessed Value</u>
2002	\$ 3,003,739	\$ 314,503	\$ 54,165	\$ 8,012	\$ 3,380,419
2003	3,154,215	308,415	53,764	63,985	3,580,379
2004	3,182,705	314,184	51,877	95,567	3,644,333
2005	3,288,957	318,780	51,642	133,349	3,792,728
2006	3,515,024	381,696	44,779	65,078	4,006,577
2007	4,262,087	381,117	44,846	69,265	4,757,316
2008	5,302,168	513,362	31,845	69,879	5,917,254
2009	6,505,709	523,062	35,652	60,995	7,064,423
2010	6,456,810	566,964	33,650	63,060	7,057,424
2011	5,515,632	584,026	35,886	(1)	6,135,544

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

Note: (1) 2011 fee-in-lieu data is not yet available.

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Apparel stores	\$ 11,363	\$ 14,213	\$ 36,560	\$ 49,057	\$ 45,458	\$ 25,354	\$ 21,989	\$ 39,277
Food stores	41,627	44,444	67,093	47,237	54,177	54,291	52,560	41,968
Eating and drinking establishments	52,551	58,713	52,381	70,410	79,961	81,290	81,134	69,644
Home furnishings and appliances	8,183	9,143	13,059	37,162	42,077	13,854	8,694	38,406
Building materials and farm tools	16,145	21,943	18,054	28,000	31,500	6,774	4,806	4,057
Miscellaneous retail stores	50,969	58,732	58,340	71,033	78,616	75,977	74,908	68,898
All other outlets	684	1,916	67	-	21,000	2,232	1,939	2,450
Total	\$ 181,522	\$ 209,104	\$ 245,554	\$ 302,899	\$ 352,789	\$ 259,772	\$ 246,030	\$ 264,700
City direct sales tax rate	2.25 %	2.25 %	2.25 %	2.25 %	2.40 %	2.40 %	2.40 %	2.40 %

Source: Utah State Tax Commission website: Off Wasatch Front Zip Code Taxable Sales by Major Industry

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

Schedule 9
Park City Municipal Corporation, Utah
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal 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	
2002	0.001832	0.000372	0.002204	0.001190	0.000339	0.000193	0.000898	0.005555	-	0.010379
2003	0.001813	0.000319	0.002132	0.001165	0.000323	0.000193	0.000858	0.005709	-	0.010380
2004	0.001855	0.000412	0.002267	0.001186	0.000337	0.000198	0.000885	0.005672	-	0.010545
2005	0.001871	0.000654	0.002525	0.001220	0.000321	0.000198	0.001180	0.005885	-	0.011329
2006	0.001748	0.000601	0.002349	0.001170	0.000321	0.000193	0.001132	0.005494	0.000050	0.010709
2007	0.001493	0.000490	0.001983	0.001009	0.000247	0.000178	0.000963	0.005212	0.000044	0.009636
2008	0.001288	0.000386	0.001674	0.000846	0.000213	0.000200	0.000811	0.004302	0.000038	0.008084
2009	0.001125	0.000654	0.001779	0.000753	0.000182	0.000181	0.000846	0.003895	0.000034	0.007670
2010	0.001327	0.000821	0.002148	0.000746	0.000202	0.000188	0.000849	0.004018	0.000034	0.008185
2011	0.001389	0.000741	0.002130	0.000895	0.000228	0.000207	0.001070	0.004360	0.000040	0.008930

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 Eight Fiscal Years

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Summit County</u>	<u>State of Utah</u>	<u>Total</u>
2004	2.25 %	0.35 %	4.75 %	7.35 %
2005	2.25	0.35	4.75	7.35
2006	2.25	0.35	4.75	7.35
2007	2.25	0.35	4.75	7.35
2008	2.40	0.35	4.65	7.40
2009	2.40	0.35	4.70	7.45
2010	2.40	0.35	4.70	7.45
2011	2.40	0.35	4.70	7.45

Source: Utah State Tax Commission

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

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

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Marriott Ownership Resorts	\$ 114,503,400	1	1.89 %	\$ 114,734,610	1	3.90 %
Deer Valley Resort	46,545,072	2	0.77	23,028,657	4	0.78
Flagstaff Residences, LLC	29,359,000	3	0.48	-	-	-
Chateaux at Silver Lake	22,274,969	4	0.37	-	-	-
Silver Lake Associates	19,540,360	5	-	41,987,406	2	1.43
DMC Services LLC	16,609,980	6	0.27	-	-	-
Powder Development Company	15,050,268	7	0.25	13,526,141	7	0.46
Wintzer Wolfe Properties	14,349,994	8	-	10,410,071	8	0.35
Sunstone Sidewinder LLC	13,259,842	9	0.22	-	-	-
Pacificorp	10,834,760	10	0.18	-	-	-
IHC Health Services, Inc.	10,700,598	11	0.18	-	-	-
U.S West Communications	-	-	-	22,946,165	5	0.78
Brentwood Equities	-	-	-	8,069,037	9	0.27
Belle Harbor I Limited Partnership	-	-	-	31,552,000	3	1.07
Black Diamond Lodge	-	-	-	16,200,000	6	0.55
Town Pointe Developers LLC	-	-	-	5,440,000	10	0.19
Totals	\$ <u>313,028,243</u>		<u>4.59</u> %	\$ <u>287,894,087</u>		<u>9.78</u> %

Source: Summit County Treasurer and Park City Finance Department

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

Tax Year End 12/31	Total Taxes Levied (1)	Treasurer's Relief (2)	Net Taxes Assessed	Current Collections	Delinquent, Personal Property and Misc. Collections (3)	Total Collections (4)	% of Current Collections to Net Taxes Assessed (5)	% of Total Collections to Net Taxes Assessed (6)
Summit County								
2003	\$ 6,795,733	\$ 6,240	\$ 6,789,493	\$ 6,928,746	\$ 731,563	\$ 7,660,309	102.05 %	112.83 %
2004	8,494,873	6,023	8,488,850	8,077,362	2,645,240	10,722,602	95.15	126.31
2005	8,578,808	6,115	8,572,693	8,164,748	417,094	8,581,842	95.24	100.11
2006	8,557,343	7,293	8,550,050	8,222,120	360,857	8,582,977	96.16	100.39
2007	8,957,869	9,178	8,948,691	8,589,737	342,739	8,932,476	95.99	99.82
2008	8,993,705	7,159	8,986,546	8,440,254	395,506	8,835,760	93.92	98.32
2009	11,426,325	11,462	11,414,863	10,740,460	414,902	11,155,362	94.09	97.73
2010	12,119,016	11,981	12,107,035	11,340,669	804,240	12,144,909	93.67	100.31
Wasatch County								
2003	\$ 201,691	\$ -	\$ 201,691	\$ 204,117	\$ 707	\$ 204,824	101.20 %	101.55 %
2004	220,601	-	220,601	230,070	3,413	233,483	104.29	105.84
2005	210,386	-	210,386	210,714	7,547	218,261	100.16	103.74
2006	199,350	-	199,350	190,369	1,463	191,832	95.49	96.23
2007	173,621	-	173,621	166,916	9,043	175,959	96.14	101.35
2008	193,386	-	193,386	157,195	6,552	163,747	81.29	84.67
2009	346,442	-	346,442	287,560	14,529	302,089	83.00	87.20
2010	723,334	-	723,334	711,980	81,304	793,284	98.43	109.67

Source: Summit and Wasatch County Annual Financial Reports.

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

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

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

Calendar Year Ended December 31,	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy (2)
2001	\$ 6,366,937	\$ 6,796,305	106.74 %	\$ 506,900	\$ 7,303,205	114.71 %
2002	6,620,186	6,575,217	99.32	470,208	7,045,425	106.42
2003	6,997,424	7,393,110	105.65	472,023	7,865,133	112.40
2004	8,715,474	8,307,432	95.32	392,965	8,700,397	99.83
2005	8,789,194	8,375,462	95.29	351,802	8,942,736	101.75
2006	8,756,693	8,412,489	96.07	178,981	8,591,470	98.11
2007	9,131,490	8,756,653	95.90	363,189	9,119,842	99.87
2008	9,187,091	8,597,449	93.58	359,246	8,956,695	97.49
2009	11,772,767	11,028,020	93.67	526,486	11,554,506	98.15
2010	12,842,350	12,052,649	93.85	582,272	12,634,921	98.38

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

(1) Includes general fund and debt service fund.

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

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

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Redevelopment Bonds	Sales Tax Increment Bonds	Municipal Building Authority	Contracts Payable	Water Bonds	Capital Leases			
2004	\$ 12,300,000	\$ 6,880,000	\$ -	\$ 8,585,000	\$ 900,043	\$ 7,917,000	\$ 121,676	\$ 36,703,719	2.46 %	\$ 4,908
2005	19,915,000	5,620,000	20,000,000	-	731,543	7,428,000	90,922	53,785,465	3.42	6,824
2006	18,570,000	4,320,000	18,870,000	-	686,409	11,375,000 (2)	58,400	53,879,809	3.31	6,680
2007	17,175,000	3,930,000	17,000,000	-	637,889	10,856,000	-	49,598,889	2.67	6,098
2008	15,720,000	3,525,000	15,065,000	779,793	585,730	10,162,000	-	45,837,523	2.38	5,708
2009	36,015,000 (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

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

(1) See Schedule 20 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) The City issued Water Revenue Bonds Series 2006 for \$4,450,000 in fiscal year 2006.

(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 & 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.

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

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

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Percentage of Actual Property Value (1)</u>	<u>Per Capita (2)</u>
	<u>General Obligation Bonds</u>		
2004	\$ 12,300,000	0.37 %	\$ 1,645
2005	19,915,000	0.57	2,527
2006	18,570,000	0.47	2,302
2007	17,175,000	0.38	2,112
2008	15,720,000	0.28	1,958
2009	36,015,000	0.54	4,513
2010	39,375,000	0.65	4,847
2011	36,135,000	0.61	4,757

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

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

(1) See Schedule 6 for property value data.

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

Schedule 16
Park City Municipal Corporation, Utah
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable to Park City (2)	Estimated Amount Applicable to Park City
Debt repaid with property taxes			
State of Utah	\$ 3,128,890,000	2.43 %	\$ 76,032,027
Summit County	3,135,000	44.50	1,394,115
Park City School District	20,355,000	53.90	10,978,534
Weber Basin Water Conservancy District	26,749,989	.08	2,006,249
Subtotal, overlapping debt			90,410,925
City direct debt (1)	36,135,000	100.00	36,135,000
Total direct and overlapping general obligation debt			\$ 126,545,925

Sources: Utah State Auditors Office and Summit County Treasurer

Notes:

(1) Includes only long-term general obligation debt being repaid through general property taxes.

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

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

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 127,901,648	\$ 129,932,855	\$ 134,667,752	\$ 138,889,430	\$ 150,448,648	\$ 179,762,069	\$ 220,910,526	\$ 271,346,097	\$ 242,939,444	\$ 273,828,091
Total net debt applicable to limit	<u>8,299,920</u>	<u>7,604,811</u>	<u>12,300,000</u>	<u>19,915,000</u>	<u>18,570,000</u>	<u>17,175,000</u>	<u>15,720,000</u>	<u>36,015,000</u>	<u>39,375,000</u>	<u>36,135,000</u>
Legal debt margin	<u>\$ 119,601,728</u>	<u>\$ 122,328,044</u>	<u>\$ 122,367,752</u>	<u>\$ 118,974,430</u>	<u>\$ 131,878,648</u>	<u>\$ 162,587,069</u>	<u>\$ 205,190,526</u>	<u>\$ 235,331,097</u>	<u>\$ 203,564,444</u>	<u>\$ 237,693,091</u>
Total net debt applicable to the limit as a percentage of debt limit	6.49%	5.85%	9.13%	14.34%	12.34%	9.55%	7.12%	13.27%	16.21%	13.20%

Legal Debt Margin Calculation for Fiscal Year 2011

Total assessed value	<u>\$ 6,845,702,242</u>
Debt limit - 4% of total assessed value	273,828,090
Amount of debt applicable to debt limits:	
General Obligation Bonds 2003, 2004, 2008, 2009 and 2010 Series	36,135,000
Less: Amount available for repayment of general obligation bonds	<u>-</u>
Total net debt applicable to limit	<u>36,135,000</u>
Legal debt margin	<u>\$ 237,693,090</u>

Notes: Under Utah State Law, Park City 's outstanding debt should not exceed 4 percent of total assessed property value.
The general obligation debt subject to the limitation may be offset by resources set aside for the repayment of the principal that are externally restricted.

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

Municipal Building Authority Lease Revenue Bonds				
PCHS				
	Promissory Note (3)	Debt Service		Coverage
		Principal	Interest	
2008	\$ 450,000	\$ -	\$ 6,729	\$ 66.9
2009	2,102,298	1,350,000	43,060	1.5
2010	844,982	1,350,000	37,331	0.6
2011	244,981	244,981	1,219	1.0

Main Street Redevelopment Bonds (2)				
	Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
2004	\$ 1,300,000	\$ 830,000	\$ 68,689	\$ 1.4
2005	1,300,000	860,000	41,818	1.4
2006	1,300,000	885,000	14,071	1.4
2007	1,300,000	-	-	-
2008	1,300,000	-	-	-
2009	1,300,000	-	-	-
2010	1,300,000	-	-	-
2011	1,249,086	-	-	-

Lower Park Avenue Redevelopment Bonds (4)				
	Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
2004	\$ 2,109,202	\$ 385,000	\$ 348,285	2.9
2005	2,173,064	400,000	234,885	3.4
2006	2,227,898	415,000	220,745	3.5
2007	2,476,412	390,000	203,523	4.2
2008	2,628,305	405,000	186,947	4.4
2009	2,764,425	425,000	170,782	4.6
2010	2,740,000	445,000	150,939	4.6
2011	2,577,316	-	-	-

Sales Tax Increment Bonds				
	Sales Tax Increment	Debt Service		Coverage
		Principal(1)	Interest (1)	
2004	\$ -	\$ -	\$ -	-
2005	7,847,211	-	-	-
2006	8,529,883	1,130,000	837,355	4.3
2007	9,507,552	1,870,000	723,150	3.7
2008	9,204,905	1,935,000	667,162	3.5
2009	8,590,625	1,830,000	597,787	3.5
2010	8,474,078	1,400,000	528,962	4.4
2011	6,988,804	1,445,000	501,680	3.6

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

See Schedule 19 for information on water revenue bond coverage.

- (1) Debt issued in fiscal year 2005. No principal and interest payments were scheduled until fiscal year 2006.
 - (2) Main Street RDA debt was paid in full in fiscal year 2006.
 - (3) MBA Lease Revenue Bonds issued in November 2007. Please see page 69 of the footnotes for further details.
 - (4) LPA RDA Bonds were refunded by the 2010 Sales Tax Revenue and Refunding Bonds.
- Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time.

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, 2011

		Coverage Ratio	
		<u>Actual</u>	<u>Minimum</u>
Net revenues (change in net assets)	\$ 372,687		
Add			
Excluded transfer to general fund	654,629		
Depreciation and amortization	1,383,841		
Bond interest expense	1,445,182		
Revenues pledged to debt	3,856,339	1.28	1.20

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006 Water Revenue Bonds	\$ 174,000	\$ 135,295	\$ 309,295
2009A Water Bonds-DEQ	125,000	2,500	127,500
2009B Water Revenue and Refunding Bonds	635,000	387,064	1,022,064
2009C Water Revenue Bonds	-	510,648	510,648
2010 Water Revenue Bonds	625,000	409,675	1,034,675
	<u>\$ 1,559,000</u>	<u>\$ 1,445,182</u>	<u>\$ 3,004,182</u>

Less water development fees collected in fiscal year 2011

(448,293)

Net revenues less development fees pledged to debt

\$ 3,408,046 1.13 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
2002	\$ (258,328)	\$ 560,899	\$ 907,957	0.62	\$ 935,661	\$ 907,957	1.03
2003	584,567	1,119,038	768,338	1.46	1,922,291	768,338	2.50
2004	(1,100,049)	202,963	791,514	0.26	1,179,717	791,514	1.49
2005	202,045	584,336	791,495	0.74	2,249,083	791,495	2.84
2006	2,096,796	2,457,076	789,905	3.11	4,188,674	789,905	5.30
2007	3,697,651	2,580,530	942,918	2.74	5,894,276	942,918	6.25
2008	1,775,543	3,071,985	1,101,246	2.79	4,476,691	1,101,246	4.07
2009	2,394,583	2,105,634	1,101,423	1.91	4,809,939	1,101,423	4.37
2010	(863,388)	1,544,407	849,263	1.82	2,159,954	849,263	2.54
2011	372,687	3,408,046	3,004,182	1.13	3,856,339	3,004,182	1.28

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

The Water Revenue Bonds Series 2006 were issued in fiscal year 2006. No payments were scheduled until fiscal year 2008.

The Water Revenue & Refunding Bonds Series 2002 were refunded on 9-29-2009 by the Water Revenue & Refunding Bond Series 2009B.

The Water Revenue Bonds Series 2009A were issued in fiscal year 2010. No payments were scheduled until fiscal year 2011.

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

<u>Fiscal Year</u>	<u>Population(2)(3)</u>	<u>Personal Income (thousands of dollars)(1)(2)(5)</u>	<u>Per Capita Personal Income (1)(2)(5)</u>	<u>Median Age(2)(3)</u>	<u>School Enrollment(4)</u>	<u>Unemployment Rate (1)(2)</u>
2004	7,478	\$ 1,491,412	\$ 44,069	32.7	4,150	6.0 %
2005	7,882	1,571,986	45,538	32.7	4,344	5.3
2006	8,066	1,626,716	47,933	32.7	4,411	4.0
2007	8,133	1,854,400	52,981	34.0	4,290	2.2
2008	8,030	1,927,700	60,411	33.3	4,261	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

Sources:

(2) Utah Department of Workforce Services

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

(4) Park City School District

(5) 2002-2009: U. S. Department of Commerce, BEA

Notes: (1) Applies to Summit County.

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

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

Employer	2011 (1)				2002 (2)			
	Yearly Maximum Employees	Yearly Minimum Employees	Rank	Percentage of Total City Employment(1)	Yearly Maximum Employees	Yearly Minimum Employees	Rank	Percentage of Total City Employment(3)
Deer Valley Resort	2,600	750	1	20.38 %	300	200	3	2.52 %
Park City Mountain Resort	1,175	120	2	9.21	-	-	-	-
Park City School District	800	705	3	6.27	400	300	1	3.36
Stein Eriksen Lodge	520	326	4	4.08	200	100	4	1.68
IHC/Park City Surgical Center	499	250	5	3.91	-	-	-	-
Park City Municipal Corporation	429	393	6	3.36	400	300	2	3.36
U.S. Ski & Snow Board Association	249	100	7	1.95	-	-	-	-
Jan's Ltd.	202	93	8	1.58	-	-	-	-
Fresh Market/Alberton's	155	80	9	1.22	-	-	-	-
Sunstone Hotel/Marriott Park City	140	105	10	1.10	-	-	-	-
Premier Resorts of Utah	-	-	-	-	200	100	5	1.68
Yarrow Hotel	-	-	-	-	200	100	6	1.68
Olympia Park Hotel Company	-	-	-	-	200	100	7	1.68
Greater Park City Company	-	-	-	-	200	100	8	1.68
Park City Group	-	-	-	-	200	100	9	1.68
Dan's Food	-	-	-	-	200	100	10	1.68
Total	6,769	2,922		53.06 %	2,500	1,500		21.00 %

Note: (1) Current numbers from respective employers
(2) Prior Year Numbers from Summit County.
(3) Percentage 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 Eight Years

<u>Function</u>	Full-time Equivalent Employees							
	as of June 30							
	2004	2005	2006	2007	2008	2009	2010	2011
General government								
Executive	4.0	3.0	3.0	3.0	4.0	3.5	4.5	4.5
Finance	6.3	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Human resources	5.6	5.6	5.6	7.0	7.0	7.0	7.0	6.9
Budget, debt and grants	3.3	3.3	3.3	3.3	3.3	3.0	2.0	2.0
Planning	8.0	7.5	6.5	7.5	6.0	7.0	7.0	6.0
Building	14.8	14.8	14.8	14.8	15.8	15.8	15.8	14.8
Engineering	3.0	3.0	3.0	2.5	2.5	2.5	3.0	3.0
Legal	7.1	7.1	7.1	6.8	7.8	7.8	7.8	7.8
Sustainability	-	-	-	-	-	-	6.0	(1) 6.0
I.T.	-	-	-	-	-	-	-	9.8
Other	16.8	16.3	21.1	19.3	22.8	23.3	14.9	5.5
Public safety								
Police	33.9	32.9	32.1	32.6	34.8	34.8	35.2	34.9
Communication center	8.5	8.5	8.5	8.5	9.0	9.0	10.0	10.0
Other	0.6	0.6	1.4	1.4	1.2	1.2	1.4	1.5
Public works								
Transit	38.1	43.1	55.4	62.5	63.5	73.8	76.3	81.8
Fleet services	7.3	7.3	8.8	8.8	8.8	8.5	8.0	8.0
Street maintenance	16.0	16.0	16.0	15.8	15.8	15.6	16.7	17.5
Parks and cemetery	19.1	18.6	19.9	18.1	18.8	18.8	17.2	17.3
Administration	3.0	3.0	2.5	2.5	2.5	2.5	2.5	-
Other	12.2	12.2	11.7	16.2	11.1	10.9	10.7	9.6
Library and recreation								
Library	10.5	10.5	11.6	11.6	11.2	11.2	11.2	11.2
Golf	10.0	8.8	7.2	7.0	7.0	6.8	6.3	5.7
Recreation	25.6	25.9	25.9	26.2	27.8	28.1	28.3	27.4
Tennis	5.9	6.5	7.1	7.0	6.0	7.7	7.7	6.9
Ice	-	-	-	5.5	10.2	10.4	11.4	11.0
Water								
Water billing	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Water operations	13.8	13.8	14.0	15.3	15.3	16.5	17.5	17.5
Reorganized departments								
Leisure services	6.3	-	-	-	-	-	-	-
Other	3.0	-	-	-	-	-	-	-
Total	283.5	275.9	293.9	310.5	319.8	333.3	336.2	334.4

Source: Park City Budget Department

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

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) FY 2010, Sustainability Department listed individually, taken out of Other.

(2) FY 2011, IT Department listed individually, taken out of Other.

Schedule 23
Park City Municipal Corporation, Utah
Population Statistics

Census:	Fiscal Year	<u>Park City Population</u>	<u>Percent Change from Prior Period</u>	<u>Summit County Population</u>	<u>Percent Change from Prior Period</u>
	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
	2002	7,371	-	31,857	4.08
	2003	7,478	1.45	34,073	6.96
	2004	7,478	-	34,073	-
	2005	7,882	5.40	34,073	-
	2006	8,066	2.33	36,871	8.21
	2007	8,133	0.83	37,461	1.60
	2008	8,030	(1.27)	38,412	2.54
	2009	7,980	(0.62)	39,951	4.01
	2010	8,123	1.79	40,451	1.25
	2011	7,596	(6.49)	36,324	(10.20)

Age distribution of 2011 population:

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

Median age: 37.4

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

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>	
2002	19,779	7,371	268	%
2003	24,714	7,478	330	
2004	24,714	7,478	330	
2005	25,133	7,882	319	
2006	27,779	8,066	344	
2007	26,521	8,133	326	
2008	26,595	8,030	331	
2009	26,595	7,980	333	
2010	26,736	8,123	329	
2011	27,178	7,596	358	

Sources: Park City Chamber/Visitor Bureau, March 2011

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

Schedule 25

Park City Municipal Corporation, Utah

Historical Pledged Taxes

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Pledged Sales & Use Taxes</u>	<u>% Change From Prior Year</u>	<u>Pledged Resort Tax(2)</u>	<u>% Change From Prior Year</u>	<u>Total Pledged Taxes</u>	<u>% Change From Prior Year</u>
2002	\$ 3,707,373 (1)	16.6 %	\$ 3,136,399	3.3 %	6,843,772	10.1 %
2003	3,213,567	(13.3)	3,039,168	(3.1)	6,252,735	(9.5)
2004	3,400,877	5.8	3,158,783	3.9	6,559,660	4.9
2005	3,892,401	14.5	3,954,810	25.2	7,847,211	19.6
2006	4,268,697	9.7	4,261,186	7.7	8,529,883	8.7
2007	4,352,388	2.0	5,155,164	21.0	9,507,552	11.5
2008	4,047,348	(7.0)	5,157,557	0.05	9,204,905	(3.2)
2009	3,881,142	(4.1)	4,709,483	8.7	8,590,625	(6.7)
2010	3,990,274	2.8	4,483,804	(4.8)	8,474,078	(1.4)
2011	3,966,554	(0.6)	5,022,250	12.0	8,988,804	6.1

Notes: (1) Fiscal Year 2002 increase in revenue due to the Winter Olympic Games.

(2) Pledged Resort Taxes reflect revenue figures equal to 75% of the total revenues collected pursuant to the City's levy of the 1% Resort Communities Tax (comprising the Pledged Resort Taxes). The City has previously earmarked 25% of the total of such revenues to transit-related projects and improvements.

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

Function	2004	2005	2006	2007	2008	2009	2010	2011
Police								
Physical arrests	699	652	618	627	521	528	577	583
Parking citations	369	460	1,207	1,358	771	568	295	102
Traffic citations	1,380	1,631	1,400	1,052	1,980	2,546	2,044	1,984
Public works								
Street resurfacing (tons of asphalt)	6,000	6,000	4,650	3,026	3,636	3,301	3,810	5,500
Potholes repaired	150	150	150	200	200	200	250	275
Water								
Number of customers	4,637	4,706	4,805	4,918	5,059	5,095	5,122	5,161
New connections	76	95	96	143	141	80	27	26
Water main breaks	25	11	18	11	21	10	10	10
Average daily consumption (thousands of gallons)	4,076	3,764	4,381	4,713	4,312	4,390	4,119	4,152
Peak daily consumption (thousands of gallons)	7,144	7,199	8,626	8,446	8,907	8,682	8,527	8,120
Average monthly billings (3/4" meter)	24.98	21.36	46.15	46.40	46.87	47.99	54.68	54.82
Residential billing rates								
Base rate (per 3/4" meter)	10.80	12.96	15.55	16.17	16.82	20.86	23.36	25.23
Base rate (per 1" meter)	14.58	17.50	21.00	21.84	22.71	28.16	31.54	34.06
Base rate (per 1-1/2" meter)	17.28	20.74	24.89	25.89	26.93	33.39	37.40	40.39
Rate per 1,000 gallons (winter months only)	1.89	2.27	1.94	2.83	2.94	3.65	4.09	4.42
Commercial billing rates								
Base rate (per 3/4" meter)	14.04	16.85	20.22	21.03	21.87	27.12	30.37	32.80
Base rate (per 1" meter)	23.76	28.51	34.21	35.58	37.00	45.88	51.39	55.50
Base rate (per 1-1/2" meter)	50.76	60.91	73.09	76.01	79.05	98.02	109.78	118.56
Base rate (per 2" meter)	105.84	127.00	152.40	158.50	164.84	204.40	228.93	247.24
Base rate (per 3" meter)	275.40	330.48	396.58	412.44	428.94	531.89	595.72	643.38
Base rate (per 4" meter)	500.04	600.05	720.06	748.86	778.81	965.72	1,081.61	1,168.14
Base rate (per 6" meter)	942.84	1,131.41	1,357.69	1,411.99	1,468.47	1,820.90	2,039.41	2,202.56
Base rate (per 8" meter)	1,623.24	1,947.89	2,337.47	2,430.96	2,528.20	3,134.97	3,511.17	3,792.06
Rate per 1,000 gallons	1.89	2.27	2.72	2.83	2.94	3.65	4.09	4.42
Building activity								
Building permits issued	894	989	1,186	1,197	911	895	845	903
Number of residential units	125	247	220	276	136	286	30	17
Residential value (in thousands)	47,731	75,681	70,340	109,477	50,672	40,621	13,724	9,429
Commercial value (in thousands)	16,436	11,985	36,950	3,151	18,414	8,369	-	8,929
Parks and recreation								
Racquet club passes	2,625	2,539	2,370	2,586	2,604	2,528	2,263	1,368
Golf rounds	29,977	25,512	29,575	28,130	27,450	30,202	25,912	25,852
Library								
Total volumes borrowed	68,887	77,798	72,155	79,814	80,970	83,545	85,655	89,174
Circulation per capita	9	10	9	10	10	10	11	12
Transit								
Total route miles	692,000	946,600	931,050	1,014,607	1,041,987	1,033,806	1,075,422	1,051,995
Passengers	1,457,897	1,622,618	1,815,558	1,941,431	2,153,102	1,956,770	1,857,947	1,965,455

Sources: Various City departments.

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

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

(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.

New facility will open in December 2011.

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

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

Sources: Various City departments.

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

Starting in Fiscal Year 2009 the Library volumes includes books, audio tapes, and videos.

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

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

Schedule 28
Park City Municipal Corporation, Utah
Schedule of Insurance in Force
As of June 30, 2011

<u>COMPANY & COVERAGE TYPE, POLICY #</u>	<u>LIMITS</u>	<u>EXPIRATION</u>	<u>PREMIUM</u>	<u>DEDUCTABLE</u>
LLOYDS OF LONDON (Property Coverage) B0509DZ018809	\$ 79,442,692	1/1/2012	\$ 60,376	\$ 10,000
Flood				\$ 50,000
Earthquake				\$ 100,000
ZURICH (Boiler & Machinery) BM5341970 05	\$ 64,318,470	1/1/2012	\$ 6,818	\$ 5,000
ST. PAUL/TRAVELERS (Crime Policy), 103884093	\$ 525,000	1/1/2012	\$ 14,628	-
WORKERS COMPENSATION FUND (Workers Compensation)1638608	\$ 1,000,000	1/1/2012	\$ 147,694	-
STATES Employment Practice Liability, Law Enforcement Liability, and Errors & Omission Liability), SEL 3015707	\$ 5,000,000	1/1/2012	\$ 110,874	\$ 250,000

Schedule 29

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

	Fiscal Year Ended June 30				
	2011	2010	2009	2008	2007
ASSETS					
Cash, cash equivalents and investments held by city	\$ 62,312,830	\$ 60,961,902	\$ 70,406,442	\$ 82,273,352	\$ 73,016,378
Cash, cash equivalents and investments held by fiscal agent	8,405,935	20,762,698	8,383,300	9,331,690	11,568,465
Receivables:					
Taxes	19,820,736	18,251,542	17,169,547	14,957,705	14,841,799
Accounts	1,985,972	3,555,523	2,209,591	1,951,575	2,021,559
Notes receivable	2,114,564	3,020,183	4,369,151	904,179	1,222,076
Inventories	482,352	481,899	481,230	531,078	499,247
Prepays	13,333	13,333	485,088	469,915	465,346
Restricted assets					
Cash, cash equivalents and investments	5,991,890	10,098,964	17,644,715	6,831,433	8,178,653
Land and building held for resale	5,500,610	6,121,517	-	-	-
Land and water rights	114,288,596	114,307,760	90,867,484	75,254,609	73,207,547
Infrastructure	23,400,034	23,263,832	21,376,312	23,973,995	27,265,810
Buildings and improvements	23,522,721	24,693,604	25,477,496	25,311,117	20,201,236
Improvements other than buildings	52,773,583	43,976,685	30,344,824	31,947,201	27,852,099
Art	479,271	479,271	479,271	415,121	391,051
Vehicles and equipment	11,104,322	11,946,335	9,747,052	7,788,744	7,338,249
Construction in progress	28,632,404	16,683,483	15,356,122	5,042,188	9,330,611
Intangibles	5,004,772	5,024,005	250,557	251,826	-
Unamortized bond issuance costs	1,121,118	1,204,436	768,938	583,594	609,716
Total assets	\$ 366,955,043	\$ 364,846,972	\$ 315,817,120	\$ 287,819,322	\$ 278,009,842
LIABILITIES					
Accounts payable	\$ 4,450,413	\$ 3,141,235	\$ 2,536,933	\$ 1,891,425	\$ 1,678,294
Accrued liabilities	3,021,186	2,883,518	1,412,912	932,865	986,263
Deposits	-	402,650	960,428	913,928	425,000
Unearned revenues	17,546,341	16,084,063	15,338,917	12,808,089	12,450,173
Compensated absences	782,028	742,290	664,049	602,076	568,756
Contracts payable	404,589	469,385	529,660	585,730	637,889
General obligation bonds	36,535,828	39,818,029	36,335,621	15,805,465	17,268,347
Revenue bonds	53,863,333	58,778,501	27,912,532	29,570,116	31,830,412
Total liabilities	116,603,718	122,319,671	85,691,052	63,109,694	65,845,134
NET ASSETS					
Investment in capital assets, net of related debt	185,157,637	171,776,884	140,815,194	128,241,714	123,599,746
Restricted for:					
Water development	2,213,200	3,489,981	6,259,989	5,325,330	4,665,976
Capital projects	8,395,404	22,575,948	17,466,147	8,113,140	13,043,217
Debt service	3,789,221	4,395,733	1,901,879	2,324,653	1,637,925
Drug and tobacco enforcement	31,258	-	-	-	-
Unrestricted	50,764,605	40,288,755	63,682,859	80,704,791	69,217,844
Total net assets	250,351,325	242,527,301	230,126,068	224,709,628	212,164,708
Total liabilities and net assets	\$ 366,955,043	\$ 364,846,972	\$ 315,817,120	\$ 287,819,322	\$ 278,009,842

Source: Information extracted from the City's fiscal years ended June 30, 2007 through 2011 general purpose financial statements.

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

Park City Municipal Corporation, Utah

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2011

Federal Grantor Agency or Pass Through Entity	Federal CFDA Number	Grant Number	2011 Expenditures
U.S. Department of Transportation			
Pass Through Utah Department of Transportation			
Formula Grants for Other Than Urbanized Areas	20.505	UT-18-X026	139,210
State Planning and Research	20.515	11-8882	62,270
Recovery Act - NonUrbanized Area Formula			
Program	20.509	UT-86-X001	2,848,636
Federal Transit Administration	20.500	UT-04-0012-00	2,516,765
	20.500	UT-04-0013-00	63,217
		Subtotal	5,630,098
Department of Homeland Security			
Pass Through Utah Department of Public Safety			
Emergency Management Performance Grant	97.042	EMPG-2010-HLS-099	9,675
Emergency Management Performance Grant	97.042	EMPG-2010-HLS-044	3,000
		Subtotal	12,675
Department of Justice			
Bulletproof Vest Partnership Program	16.607	BJA-FY2006-RF	809
Bulletproof Vest Partnership Program	16.607	BJA-FY2007-RF	949
Recovery Act - Edward Byrne Memorial Justice			
Assistance Grant (JAG) Program	16.804	2009-SB-B9-3316	14,772
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-0318	7,496
		Subtotal	24,026
U.S. Department of Energy			
Pass Through UGS State Energy Program			
Recovery Act - Energy Efficiency and Conservation			
Block Grant Program	81.128	FS-998784-09	150,515
U.S. Department of Agriculture			
Conservation Reserve Program	10.069	UT- 49043-189	1,044
Total Federal Awards			\$ 5,818,358

PARK CITY MUNICIPAL CORPORATION, UTAH

**NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year ended June 30, 2011**

1. General - The Schedule of Expenditures of Federal Awards presents the activity of all federal awards of the Park City Municipal Corporation, Utah. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies are included on the Schedule of Expenditures of Federal Awards.
2. Basis of Accounting - The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Park City Municipal Corporation

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011**

Section I - Summary of Auditors' Results:

Financial Statements:

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

Federal Awards:

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

Identification of major programs:

CFDA Number	20.500
Name of Federal Program or Cluster	U.S. Department of Transportation, Federal Transit- Capital Investment Grants
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States

None reported

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

None reported

P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

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

Honorable Mayor, City Council and Management
Park City Municipal Corporation

We have audited the basic financial statements of the Park City Municipal Corporation (the City) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 15, 2011. 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.

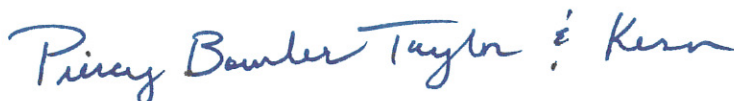
Internal Control over Financial Reporting. Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 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*.

This report is intended solely for the information and use of management, the Mayor and City Council, others within the City, the Utah State Auditor's Office, and federal awarding agencies and pass-through entities. However, this report is a matter of public record, and therefore, its distribution is not limited.



December 15, 2011

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

Honorable Mayor, City Council and Management
Park City Municipal Corporation

Compliance. We have audited the Park City Municipal Corporation's (the City) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2011. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

Internal Control over Compliance. Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards. We have audited the financial statements of the governmental activities, business- type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended June 30, 2011, and have issued our report thereon dated December 15, 2011, which contained an unqualified opinion on the financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City's management, the Mayor and City Council, others within the City, the Utah State Auditor's Office, and federal awarding agencies and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.



December 15, 2011

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

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

We have audited the Park City Municipal Corporation's (the City) compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2011. The general compliance requirements applicable to the City are identified as follows:

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

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

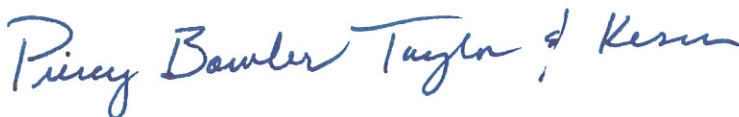
B & C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a direct and material effect on the major assistance programs or general compliance requirements identified above. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, Park City Municipal Corporation, Utah, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2011.

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



December 15, 2011

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