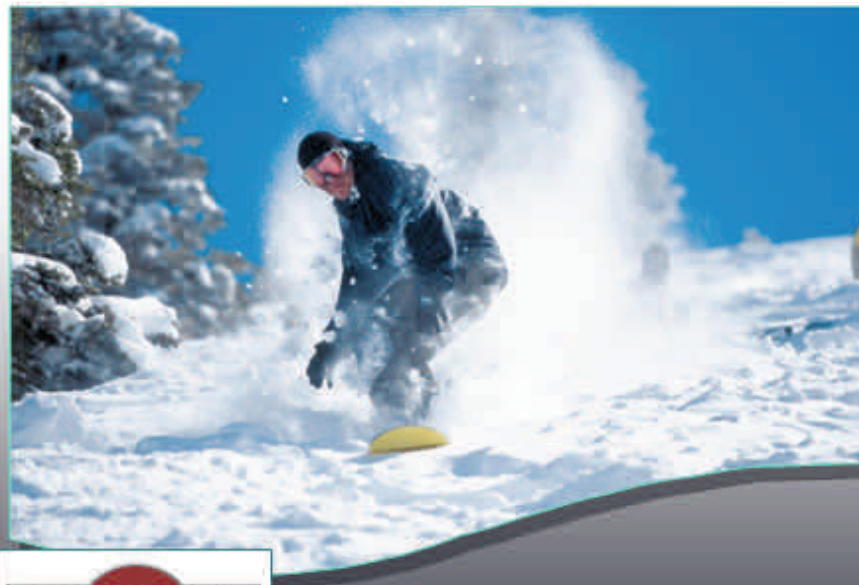


A GUIDE TO THE FISCAL YEAR
2012 MUNICIPAL BUDGET

THE CITIZENS' BUDGET

Park City Municipal Corporation



July 2011

PURPOSE STATEMENT

The intent of this document is to provide residents and other interested parties with a simple, concise, and understandable overview of Park City's budget. The document addresses two questions: (1) How is the City funded? and (2) How are those funds spent?

The City operates on a fiscal year that begins July 1st and ends June 30th. The budget for the current fiscal year, which is referred to as

Fiscal Year 2012 (or FY 2012), was adopted on June 16, 2011, and became effective July 1, 2011.

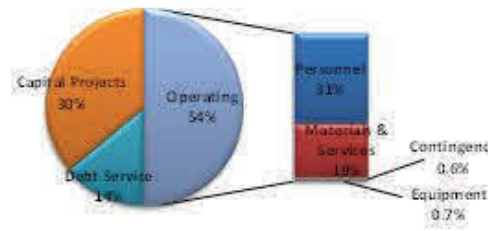
Anyone can obtain more comprehensive information and a copy of the City's official budget documents from City Hall or online at www.parkcity.org. If you have specific questions, contact the Budget, Debt, and Grants Department at (435) 615-5000 or email budget@parkcity.org.

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EXECUTIVE SUMMARY

FY 2012 Budgeted Expenses
\$74,705,145



FY 2012 Total Funding Sources
\$74,705,145



Park City's total FY 2012 budget is \$74,705,745 with an operating budget of \$37.4 million. The pie charts above show a rough sketch of how the City plans to spend money in FY 2012 as well as what money the City expects to receive. The table below shows how those planned expenses compare to budgeted expenses in FY 2011.

Park City is financially healthy, with a recently upgraded bond rating of AA+ on General Obligation bonds. A bond rating of this degree indicates that Park City as an issuer offers "excellent financial security." The FY 2012 budget has been prepared in such a way to maintain Park City's strong financial position.

PARK CITY REVENUES & EXPENSE BY MAJOR TYPE

Revenue Type	FY 2011 Adjusted Budget	FY 2012 Budget
Operating Revenues	\$73,368,017	\$60,883,813
Bond Proceeds	\$13,873,471	\$11,800,000
Funding from Previous Years	\$0	\$2,021,331
Total:	\$87,241,488	\$74,705,145
Expense Type	FY 2011 Adjusted Budget	FY 2012 Budget
Operating Expenses	\$35,830,143	\$37,418,201
Capital Expenses	\$7,539,963	\$26,860,527
Debt Service	\$13,307,865	\$10,426,416
Contribution to Balance	\$30,563,517	\$0
Total:	\$87,241,488	\$74,705,145

Refer to corresponding sections in the document.

How is the City Funded?

Park City Municipal Government is funded through several different sources in order to provide local services. The main funding sources along with a description of each are found below.

FY 2012 Revenues \$60,883,813

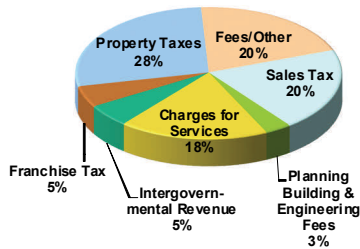


Figure 1 - This pie chart shows a breakdown of the City's revenues.

PROPERTY TAX

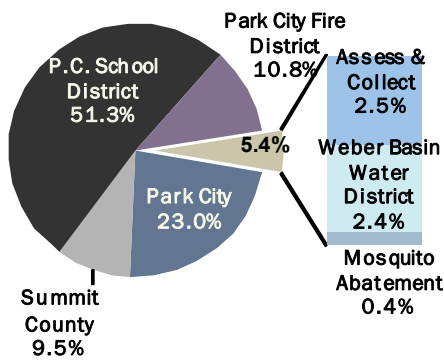
There are several property tax collecting entities in Park City: Park City School District, Park City Fire District, Summit County, Weber Basin Water District, the Mosquito Abatement District, and Park City Municipal. Summit County assesses taxable property value and collects all property tax. Park City Municipal Corporation's 2012 certified tax rate is 0.2148%. Primary residences are taxed at 55% of the assessed value

while secondary residences are taxed at 100% of the assessed value. This year's budget was adopted with no property tax increase.

SALES TAX

The total sales tax is made up of several rates levied by the State, County, and City. Of the 7.45% tax on general purchases, the City levies 2.4%. The City used to receive just under 75% of the 1% (local option) levy, which is based on the State's distribution formula (centered on city population). However, since the State's removal of the "hold harmless" provision, the City now receives about 65% of the 1% local option sales tax. Park City's sales tax revenue increased in 2011 by 7.4%.

Where Does Your Property Tax Go?



Taxes & Other Revenues

Sales and Use Taxes	Current
State of Utah	
General Sales & Use Tax	4.70%
Summit County	
County Option Sales Tax	0.25%
Recreation, Arts, and Parks Tax	0.10%
Park City	
Local Option Sales Tax	1.00%
Resort City Sales Tax	1.10%
Mass Transit Tax	0.30%
Total Park City "Base"	7.45%
Other Summit County Sales and Use Taxes	
Restaurant Tax*	1.00%
Motor Vehicle Rental Tax*	2.50%
Transient Room Tax*	3.00%
* Added to the Park City "Base" depending on purchase	

Figure 2 - The breakdown of sales tax levied within Park City boundaries.

OTHER REVENUES

Fees

The City has several fees that are assessed on various services such as business licenses, recreation, planning, engineering, building, and water fees. These fees are levied based on the cost of service provided. They are reviewed regularly and adjusted as necessary. Several fees have increased for FY 2012. Building fees increased by an average of 20% and water by 12%. Recreation initiated new fees and restructured existing fees based on projected operating costs

of the newly renovated recreation center.

Grants - Park City receives several grants every year from the federal and state government. These grants fund several different projects including public safety, transit, and water delivery programs.

Municipal Bonds - Many of the City's capital projects are funded through the issuance of debt. The City's General

Obligation (GO), or voter approved bonds, have been rated at AA+ by Moody's, a national bond rating company. This is considered to be a top quality bond as well as the highest rating given to a resort community. Since 1998, voters have approved over \$40 million in GO bonds for the acquisition of open space. Additional debt has been issued for water projects, Old Town improvements, and other capital projects (see page 13).

If you have specific questions regarding the City's funding sources, call the City Hall front desk at (435) 615-5000 and ask for the Budget Department or email budget@parkcity.org.

How are City Funds Spent?

Generally speaking, the City spends tax dollars and fee revenue on two things: (1) Services and (2) Capital Projects. Municipal services are all around you and include such provisions as snow removal, police, library, utilities, special events, public transit, and so forth. “Capital Projects” refers to the purchasing, construction, and/or maintenance of roads, public buildings, parks, and infrastructure, etc.

Park City offers a variety of services to residents and visitors alike. Those services generally fit into one of five categories:

- 1) Public Safety
- 2) Public Works
- 3) Library & Recreation
- 4) Executive
- 5) Non-Departmental, Grants, & Contingencies

The Mayor and City Council direct staff on which programs to provide and at what level of service. According to Council’s direction, staff submits a budget for Council approval. The table on page 18 has more information on the budgeted amounts for each service. More detailed information about any City service is available by calling City Hall at (435) 615 -5000 or online at www.parkcity.org.

FY 2012 Operating Expenses \$37,418,201

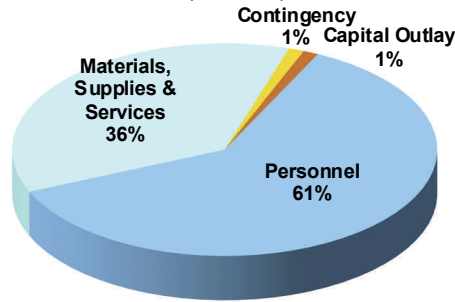


Figure 3 - This pie chart shows the City’s service-related expenses by expense type.

PUBLIC SAFETY

The Park City Police Department is dedicated to providing the community with quality law enforcement services, prevention and detection of criminal activity, protection of life and property, and resolution of disputes. All of the Police Department’s activities revolve around the preservation and enhancement of our community’s quality of life. They engage in such activities as patrol, investigations, records administration, dispatch, and special services including community support, youth outreach, and DARE.

Services

PUBLIC WORKS

Public Works includes many of the more visible services that the City offers. Some of those services are public transit, water, streets and streetscape maintenance, parking, parks and cemeteries, snow removal, and golf course maintenance. Public Works also provides internal services such as public building maintenance and fleet services.

Transit - Park City and Summit County provide a free-fare public transit system with 37 buses and offers service extending from Kimball Junction, out to Silver Summit and all the way up to Deer Valley and Silver Lake Village.

Water - The Park City Water Department is responsible for providing quality water to residents. They also monitor safety, respond to emergencies, provide customer service, promote water conservation, and administer preventative system maintenance and meter maintenance.

Street Maintenance - The City provides ongoing cleanup, maintenance, and improvements of public roadways. This includes snow plowing and snow removal, routine street repairs, painting and other maintenance, street lights and sign maintenance, special event support, graffiti removal, etc.

Public Parking - Park City manages and enforces public parking in the Historic Downtown Park City area. The Swede Alley lots, China Bridge, and the upper level of the Gateway Garage are



Park City Free Public Transit

free lots with a four-hour time limit. Free all-day parking is available in the North Marsac lot, the China Bridge top level, and the Sandridge lots. Paid parking is available on Main Street.

How are City Funds Spent?

Parks & Cemetery - The Parks & Cemetery Department provides services such as gardening and lawn care, park infrastructure maintenance, trash cleanup, special events support, and sidewalk snow removal.

LIBRARY & RECREATION

The Park City Municipal Golf Course, the Park City Public Library, the Quinn's Ice Facility, and the Park City Recreation Department fall under this category.

Recreation - The Recreation and Tennis Department operates the Park City Recreation Center and Skate Park in addition to administering youth and adult recreation programs. The Recreation Center offers a weight room, tennis and basketball courts, aerobics classes, saunas, pools, and a Jacuzzi. The Skate Park has a street course as well as bowls, and admission is free. Recreation leagues, tournaments, and clinics are available each season for a wide variety of sports and activities.

formats as well as a welcoming environment for lifelong learning. Special programs are geared towards children, teens, and the Hispanic community.

Golf - Park City offers one of the premier public golf courses in the intermountain region. This 6700-yard course is complete with a driving range, practice greens, and a first-class pro shop.

Ice & Fields - The Quinn's Ice & Fields Facility includes an Olympic-sized ice arena and four outdoor playing fields. The arena sponsors public skating as well as



Renovated Recreation Center

classes and organized programs for hockey, figure skating, curling, speed skating, and broomball.

EXECUTIVE

Library - Park City's library provides information and educational material in a variety of

Many of the administrative activities of the City make up the

Services

Executive function. Departments include Building, Planning, Engineering, Finance, Budget, Human Resources, Information Technology, Sustainability and Legal.



Did You Know?

A new study sponsored by Rand McNally and USA Today ranked Park City in the top three "Most Fun" towns in the Nation!

NON-DEPARTMENTAL

All expenses for activities that are not specifically related to a department fall into the Non-Departmental category, including special service contracts and contingencies.

Change in Service Expense Levels from FY 11 Orig Budget to FY 12 Budget

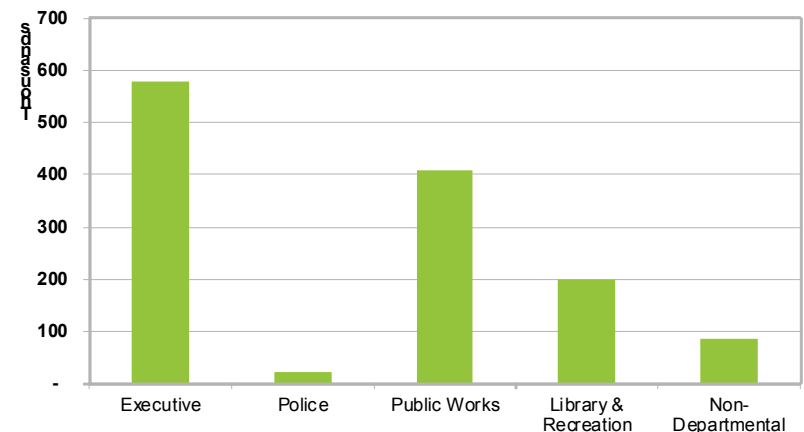


Figure 4 - This chart shows the increases and decreases to the FY 2012 Budget by Service Type.

THE CITIZENS' BUDGET

A Guide to the Fiscal Year 2012 Municipal Budget

Tourism, enhanced by special events such as the Sundance Film Festival, is responsible for much of the City's Revenues. See page 4 for details.



Recreation Center Renovation will be completed in November, 2011. See page 15 for details.



The City offers a variety of Recreational programs and facilities for public use. See page 8 for details.



HOW ARE CITY FUNDS SPENT? FY2012 HIGHLIGHTS

Highlights of the level of service adjustments and other factors influencing the FY 2012 Budget are listed below:

Pay Plan & Lump Merit Pay

The Pay Plan Committee convened two years ago to evaluate compensation benchmarks for the City's budgeted positions. Some of the changes to the Pay Plan philosophy that Council agreed to are listed below:

- Decrease the maximum allowable annual salary increase from 10% to 5%
- Rescind the 2% increase to grade ranges contemplated in FY 2012
- Increase the amount of at risk performance (or performance based on lump merit pay) bonuses from 4% to 7% annually

Health Insurance Costs

The Human Resources Department negotiated a 7% increase to health insurance plans and prices. This will maintain the current coverage provided to employees with no additional cost passed on to them. The plan includes a health savings account (HSA) which allows for the employer and the employee to contribute a certain amount monthly into the account which can then be used for various medical expenses. The advantage with the HSA is that any amount not spent out of the account can be kept by the employee in perpetuity.

Environmental Regulatory Budget

The City is working with the Environmental Protection Agency (EPA) on the possibility of a new repository to handle mining waste. The City Manager is recommending the creation of a new centralized budget for environmental regulatory issues. In this budget soil and water related costs will be tracked independently, but can also be rolled up to allow Council and the taxpayer a more holistic view of the total costs of addressing these issues.

Special Service Contracts

City Council appropriates 1% of the City's total budget to contract with organizations offering services consistent with the needs and goals of the City. Special Services Contracts are awarded biennially through a competitive application process. A request for applications (RFA) was issued in February 2011 and announced through local media.

CAPITAL PROJECTS

Capital Improvement Projects (CIP's) make up over one third of the budgeted expenses for FY 2012. This section highlights projects that are of particular interest to the public. A list of all capital projects along with information about funding sources and progress reports for those projects will be provided upon request by the Budget Department.

Walkable Community

Projects - These are community-wide walking and biking improvements, which consist of the recently completed Bonanza and Comstock underpasses, Little Kate sidewalk, Holiday Ranch Loop pathway, as well as crosswalk and striping projects. Remaining projects include Dan's to Jan's, Wyatt Earp traffic calming, Monitor Drive traffic calming, Rail Trail/Iron Horse bridge, several striping



Spiro Water Works

FY 2012 Capital Budget \$26,535,527

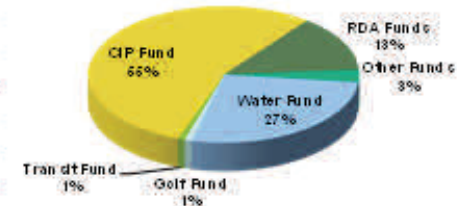


Figure 5 - This pie chart shows the City's capital expenses by fund.

projects and a few old town crosswalk projects.

Water Projects - Water quality and delivery continue to be a top priority for Park City. With the rate of development that occurred over the past few years, water needs have been identified and the cost of these improvements is being developed to be fairly distributed between users and new development. CIP changes to the Water

Fund are also reflective of the City's continuing commitment to secure Park City's water needs through improvements to the City's water infrastructure.

The Rail Trail Water Lines projects was 90% complete during the 2010 construction season. Remaining items to be ad-

HOW ARE CITY FUNDS SPENT?

dressed and built are Rail Trail grading and paving, well drilling for the cathodic protection system, and general cleanup of the site. Quinn's Junction Water Treatment Plant construction began during the summer of 2010 and will continue throughout the summer and fall of 2011. The Fixed Base Water Meter Reading project is to install radios at each meter site that are capable of transmitting reads remotely to the billing office.

Old Town Improvement Study (OTIS) Projects - The City has completed 7 of 22 street reconstruction projects outlined in the 2002 Old Town Improvement Study (OTIS). Projects completed included Upper Park Avenue, Intersection Marsac & Hillside, Prospect Avenue, Lower Norfolk (8th to 13th), Woodside (North of 13th) Hillside, and Sandridge. Some of the projects remaining include Empire and Upper Lowell, Sullivan Road, Rossi Hill Drive, and Swede Alley. The financial feasibility of this plan is contingent upon the City following a regimen of operating cuts and tax increases or alternatively securing other funding.

Bonanza Drive Reconstruction - Bonanza Drive is an important commuter link for the City, but is seeing a significant increase in traffic congestion. In August

2007 H. W. Lochner was hired by Park City to develop a corridor and pedestrianization plan for Bonanza Drive based on earlier studies. The purpose of the plan was to outline and prioritize improvements for roadway, bicycle and pedestrian facilities along Bonanza Drive



Mayor Williams at Comstock Tunnel Ribbon Cutting Ceremony.

Construction on Bonanza Drive started July 2009 (Phase 1) and has been completed.

Phase Two includes a pedestrian tunnel, road construction from Upper Iron Horse to Kearns Blvd. and utilities. This phase was completed in May of 2011.

Phase Three includes landscaping and planters in the ROW and colored concrete accenting the corridor. This phase is will be completed in the fall of 2011. Total project costs are expected to be around \$6.6 million.

CAPITAL PROJECTS

Recreation Center Remodel - As part of the FY 2010 budget, Council approved a \$10.5 million project budget for the renovation of the Recreation Center as recommended by the CIP Committee. The design of the new Recreation Center includes many user enhancements over the existing facility. The new or enhanced amenities include a walking/jogging track, child care, pro shop, bouldering area, party room, game room, enlarged fitness area for cardio, weights, and group fitness classes. The four new indoor tennis courts will provide a high quality playing experience as they have been designed to meet United

States Tennis Association standards. The new facility will be more efficient not only in design but also in energy usage. Proposed funding sources include general fund surplus and transfers from other capital projects. This project should be completed in November of 2011.



Progress on Recreation Center

SUMMARY OF MAJOR CAPITAL PROJECTS—FY 2012 BUDGET

Project	Proposed Budget	Principal Funding Sources	Scheduled Start	Scheduled Finish
Iron Horse Transit Operations Facility	\$ 12 million	Federal Grants Sales Tax Transit Rev	Underway	August 2011
Walkable Community Projects	\$15 million	GO Bond	Underway	Phased
Water Projects	\$27.3 million	Water Service Fees Water Impact Fees Water Bonds	Underway	Phased
OTIS Phase II (a) Sandridge, Hillside, Empire, & Upper Lowell	\$4.5 million	Sales Tax Bond	2010	2013
Bonanza Drive Reconstruction	\$6.6 million	General Fund Federal Grants GO Bond	2009	Fall 2011
Municipal Athletic Recreation Center	\$11.3 million	GF Reserves Sales Tax Bond	Spring 2010	November 2011

Figure 6 - A listing of major CIP's included in the FY 2012 Budget along with their budgeted costs.

PUBLIC INPUT OPPORTUNITIES

The budget process is a way for citizens of Park City to offer input on how the City provides services. While there are many opportunities for public participation throughout the year, the formal budget process usually begins in January when City Council holds its annual visioning session workshop. Council identifies goals and service levels which aid departments in prioritizing budget requests.

month of May and continue until mid-June. The hearings are noticed in the local media and are open to all interested parties. The City is required to adopt a balanced budget by June 22nd each year for the fiscal year that will start on July 1st.

Individuals and organizations who would like more information on the budget process or a copy of the budget document are encouraged

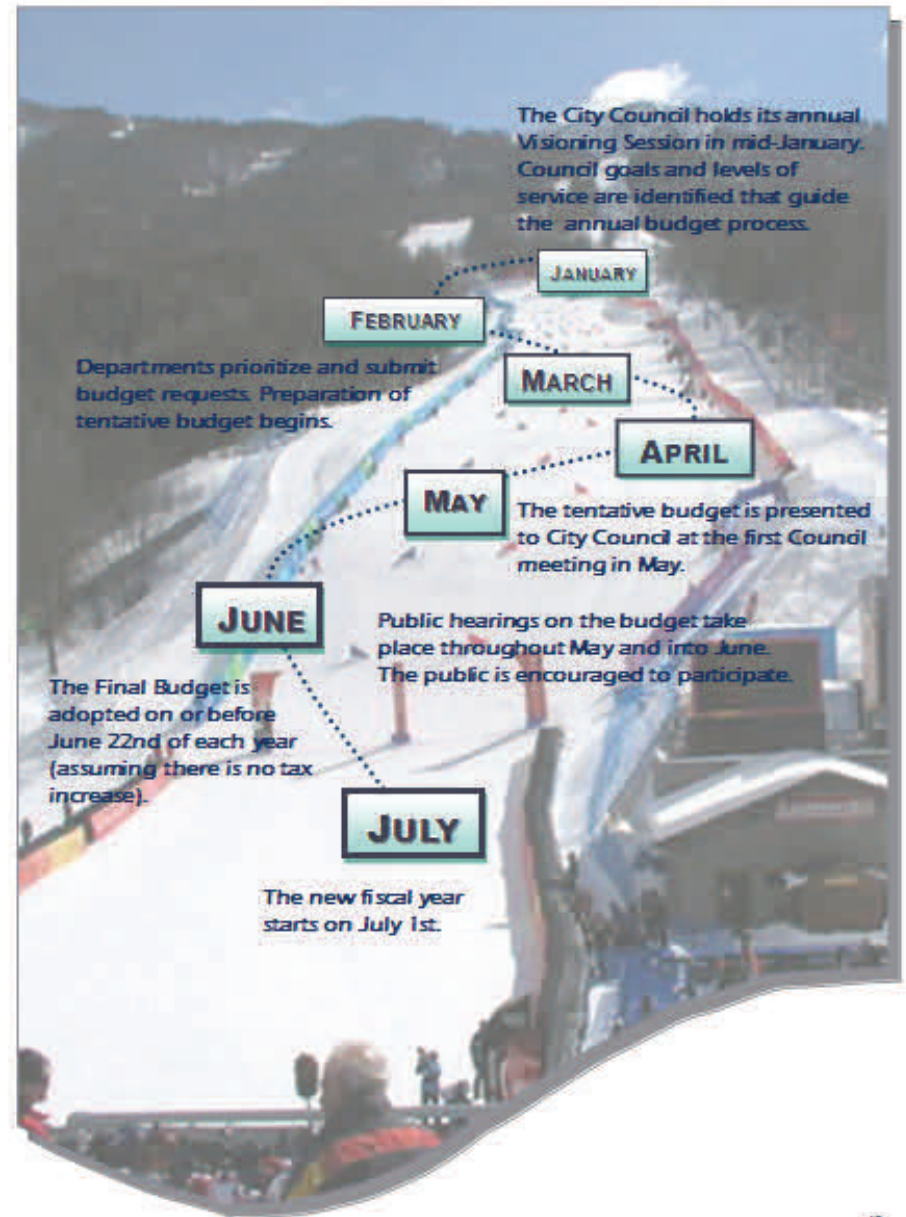


Budget hearings take place at City Hall in the Council Chambers. Residents and other interested parties have opportunities to give ideas and input to Council and Staff during these Budget Hearings.

As required by State law, City Council is presented with a Tentative Budget at the first Council meeting in May. Public hearings on the budget run through the

to contact the Budget, Debt, and Grants Department at (435) 615-5000 and ask for the Budget Department or email budget@parkcity.org.

BUDGET PROCESS—TIMELINE



Resources & Requirements - All Funds Combined

Description	2008 Actual	2009 Actual	2010 Actual	2011 Original Budget	2011 Adj Budget	2012 Budget	Change - 2011 to 2012		2013 Plan	Change - 2012 to 2013	
							Increase (reduction)	%		Increase (reduction)	%
RESOURCES											
Sales Tax	12,755,443	11,027,464	11,601,845	11,048,209	11,627,639	12,313,000	685,361	6%	13,245,000	932,000	8%
Planning Building & Engineering Fees	5,828,014	5,044,383	1,287,132	2,209,500	1,512,472	1,962,187	449,716	30%	2,268,626	306,439	16%
Charges for Services	7,463,662	9,129,312	9,497,866	10,601,000	10,106,265	10,994,471	888,206	9%	12,152,033	1,157,562	11%
Intergovernmental Revenue	1,450,079	3,058,819	7,324,484	7,812,837	19,773,541	3,341,000	(16,432,541)	-83%	2,564,200	(776,800)	-23%
Franchise Tax	2,748,571	2,720,272	2,774,320	3,051,000	3,005,000	3,160,000	155,000	5%	3,307,000	147,000	5%
Property Taxes	13,974,590	13,213,009	15,790,260	16,745,315	16,969,315	16,703,315	(266,000)	-2%	16,897,315	194,000	1%
General Government	403,641	457,582	459,311	573,600	548,839	573,081	24,242	4%	596,354	23,272	4%
Special Revenue & Resources							0			0	
Total	<u>\$60,957,881</u>	<u>\$55,500,997</u>	<u>\$64,935,955</u>	<u>\$58,962,574</u>	<u>\$73,368,017</u>	<u>\$60,883,813</u>	<u>(\$12,484,204)</u>	<u>-17%</u>	<u>\$57,839,665</u>	<u>(\$3,044,148)</u>	<u>-5%</u>
REQUIREMENTS (by function)											
Executive	7,408,144	7,449,017	7,801,370	8,037,345	7,792,613	8,695,356	902,743	12%	8,305,654	(389,702)	-4%
Police	3,648,493	3,726,449	3,859,148	4,293,389	4,050,173	4,343,822	293,649	7%	4,343,822	0	0%
Public Works	14,541,404	13,603,552	13,635,067	15,669,056	15,653,928	16,403,225	749,296	5%	16,362,971	(40,254)	0%
Library & Recreation	3,767,718	3,834,719	3,699,326	4,125,473	3,851,897	4,322,377	470,480	12%	4,347,412	25,035	1%
Non-Departmental	2,253,926	2,631,084	2,697,864	2,205,327	3,140,402	2,285,745	(854,657)	-27%	2,225,456	(60,289)	-3%
Special Service Contracts	362,101	360,896	348,000	408,973	408,973	500,000	91,027	22%	500,000	0	0%
Contingency	0	0	0	315,000	415,000	440,000	25,000	6%	440,000	0	0%
Capital Outlay	493,666	327,443	214,453	463,822	517,156	427,676	(89,480)	-17%	405,676	(22,000)	-5%
Total	<u>32,475,453</u>	<u>31,933,160</u>	<u>32,255,228</u>	<u>35,518,385</u>	<u>35,830,143</u>	<u>37,418,201</u>	<u>1,588,058</u>	<u>4%</u>	<u>36,930,991</u>	<u>(487,210)</u>	<u>-1%</u>
REQUIREMENTS (by type)											
Personnel	19,540,194	20,553,234	21,098,681	22,090,129	21,929,657	22,934,012	1,004,355	5%	22,950,758	16,746	0%
Materials, Supplies & Services	12,441,592	11,052,483	10,942,094	12,649,434	12,968,330	13,616,513	648,183	5%	13,134,557	(481,956)	-4%
Contingency	0	0	0	315,000	415,000	440,000	25,000	6%	440,000	0	0%
Capital Outlay	493,666	327,443	214,453	463,822	517,156	427,676	(89,480)	-17%	405,676	(22,000)	-5%
Total	<u>32,475,453</u>	<u>31,933,160</u>	<u>32,255,228</u>	<u>35,518,385</u>	<u>35,830,143</u>	<u>37,418,201</u>	<u>1,588,058</u>	<u>4%</u>	<u>36,930,991</u>	<u>(487,210)</u>	<u>-1%</u>
EXCESS (deficiency) OF RESOURCES OVER REQUIREMENTS	\$28,482,429	\$23,567,837	\$32,680,728	\$23,444,189	\$37,537,874	\$23,465,612	(14,072,262)	-37%	\$20,908,674	(2,556,938)	-11%
OTHER FINANCING SOURCES (uses)											
Bond Proceeds	779,793	24,477,505	6,092,682	0	13,873,471	11,800,000	(2,073,471)	-15%	5,000,000	(6,800,000)	-58%
Debt Service	(6,583,721)	(9,834,751)	(12,176,557)	(10,979,473)	(13,307,865)	(10,426,416)	2,881,449	-22%	(10,199,604)	226,812	-2%
Interfund Transfers In	15,628,653	32,800,255	14,840,021	7,118,246	9,898,612	6,957,143	(2,941,469)	-30%	6,271,188	(685,955)	-10%
Interfund Transfers Out	(15,628,653)	(32,800,255)	(14,840,021)	(7,118,246)	(9,898,612)	(6,957,143)	2,941,469	-30%	(6,271,188)	685,955	-10%
Capital Improvement Projects	(15,994,618)	(41,241,569)	(64,395,392)	(11,539,881)	(80,224,884)	(26,860,527)	53,364,357	-67%	(17,039,738)	9,820,789	-37%
Total	<u>(21,798,545)</u>	<u>(26,598,814)</u>	<u>(70,479,267)</u>	<u>(22,519,354)</u>	<u>(79,659,278)</u>	<u>(25,486,943)</u>	<u>54,172,335</u>	<u>-68%</u>	<u>(22,239,342)</u>	<u>3,247,601</u>	<u>-13%</u>
EXCESS (deficiency) OF RESOURCES OVER REQUIREMENTS AND OTHER SOURCES (uses)	\$6,683,883	(\$3,030,978)	(\$37,798,539)	\$924,835	(\$42,121,404)	(\$2,021,331)	40,100,073	-95%	(\$1,330,668)	690,663	-34%
Beginning Balance	89,775,525	97,369,362	111,667,935	22,855,772	73,869,394	31,747,990	(42,121,404)	-57%	29,726,658	(2,021,332)	-6%
Ending Balance	96,459,405	94,338,414	73,869,394	23,780,604	31,747,990	29,726,658	(2,021,332)	-6%	28,395,989	(1,330,669)	-4%



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