

Park City Municipal Corporation, Utah



**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018**

PARK CITY MUNICIPAL CORPORATION, UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**(Including Internal Control and Compliance Reports
and Supplementary Information)
for fiscal year ended June 30, 2018**

**Prepared by:
Finance Department**

**Rebecca Gillis
Finance Manager**

**Mindy Finlinson
City Treasurer**

**Kim Atkinson
Accountant**

PARK CITY MUNICIPAL CORPORATION, UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2018

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INTRODUCTORY SECTION



December 20, 2018

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, 2018.

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

The basic financial statements contained in this report have been audited by Piercy Bowler Taylor & Kern, a firm of licensed certified public accountants. The objective of this type of audit is for the independent auditors to render an opinion, with reasonable assurance, as to whether the basic financial statements of Park City Municipal Corporation (City) for the fiscal year ended June 30, 2018 are fairly presented and free of any material misstatement. Audit procedures included extensive testing and analysis of transactions, balances and systems. The unmodified ("clean") opinion on the basic financial statements signed by Piercy Bowler Taylor & Kern is located at the beginning of the financial section.

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

Park City Municipal Corporation
445 Marsac Avenue • P.O. Box 1480 • Park City, UT 84060-1480
Phone (435) 615-5221 • Fax (435) 615-4917

Profile of Park City Municipal Corporation, Utah

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

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

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

Budgetary Control

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

Local Economy

Park City is located in Summit County, Utah, in the heart of the Wasatch Mountains, 30 miles east of Salt Lake City and 40 minutes by freeway from the Salt Lake International Airport. In 1869, silver bearing quartz was discovered in the area, of what is now Park City, and a silver mining boom began. From the 1930's through the 1950's, the mining boom subsided due to the decline of silver prices, and Park City came very close to becoming a historic ghost town. During that time, the residents began to consider an alternative to mining, and began developing Park City into a resort town. Park City is one of the western United States premier multi-season resort communities with an area of twenty square miles and a permanent resident population of approximately 8,378.

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 (Deer Valley Resort and Park City Mountain Resort) with a portion of the latter operating outside of municipal boundaries, formerly known as Canyons Resort. Vail Resorts acquired the Canyons Resort in 2013 and the Park City Mountain Resort in September of 2014. In July 2015 Vail linked these two resorts creating the largest skiing resort in the United States with over 7,300 acres of skiable terrain.

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

Deer Valley Resort hosted the 2018 Freestyle Ski World Cup event for the twelfth year in a row in January 2018. Deer Valley Resort took first place as the best western resort in North America in *Ski Magazine's* resort review of 2018's Top-Ranked Western Ski Resorts. Deer Valley ranked first for five consecutive years between 2007 and 2011. It also marks eighteen consecutive years that Deer Valley has finished in the top three. The Park City Mountain Resort is located in the heart of Park City and was ranked number thirteen, overall.

Major employer-types in the City include accommodation and food service, arts/entertainment and recreation, retail trade, real estate, technical services and government. Unemployment data was unavailable for Park City; however, the current Summit County unemployment rate is estimated at 2.9 percent. The current State of Utah rate is 3.0 percent and the national rate is 4.0 percent.

Economic Trends

Park City has seen some strong growth over the 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. Total statewide skier days were 4,145,321, down 9.6 percent from the 2016-2017 season. Skier days were down nationally from 54.7 million to 53.3 million, a 2.8 percent decrease from the previous season. With the local economy dependent on tourism and skiing, employment in Park City tends to decline in the spring and summer months. The City has been mitigating this by diversifying recreational activities in the “off-season”. The City hosted the Triple Crown Girls Fast Pitch Softball World Series for the sixteenth year. This event draws teams from California, Arizona, Colorado, Oklahoma, Idaho, Utah and Texas and each year is bigger and better than the last. Other events include Tour of Utah men’s professional cycling finishing their 704 mile course in Park City, and Park City Autumn Aloft three-day festival launching dozens of balloons at once, creating a rainbow of colors in the sky set against the beautiful fall colors of Park City.

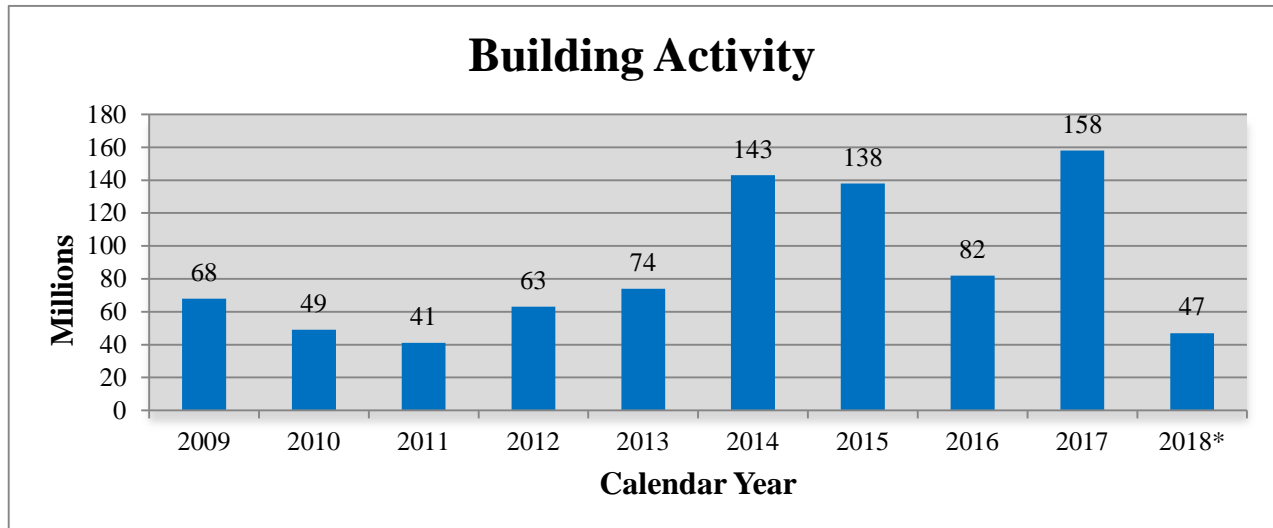
The service population is much larger due to the number of secondary homeowners and visitors within Park City. The City has approximately 161 restaurants, 217 shops, 33 private art centers and a community-sponsored art center. Many of Park City’s restaurants are award winning and among the finest in the intermountain west. The City estimates that there are 7,333 licensed nightly rental bedrooms. Please see Schedule 24 on page 136 of the Statistical Section of this report.

The Sundance Film Festival made its 37th annual appearance in Park City in January 2018. A recent study by Y2 Analytics revealed that the 2018 festival generated an overall economic impact of \$191.6 million for the State of Utah, beating the record of \$151.5 million reported after the 2017 Festival. Sundance and Park City Municipal Corporation have formally agreed that Park City will remain festival headquarters through the 2026 film festival and, importantly, Sundance is planning to erect a new headquarters building for the Sundance Institute located in the “Arts and Culture District” of Bonanza Park. The festival presents high quality, independent films. Nationally known actors, directors, writers and other members of the film industry conduct and attend workshops, classes, seminars, dinners and premiers that are open to the public. The cultural event attracted at least 124,000 attendees this year, up significantly from the 2017 attendance of 71,600 with approximately 44,600 attendees coming from out of state.

The Kimball Arts Center sponsored its 48th annual three-day Park City Arts Festival in August 2017. The Park City Arts Festival is Utah’s oldest and the longest running arts festival in the West. This event attracted an estimated 53,408 visitors, which was an increase of 8.0 percent over the previous year. The festival featured 233 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. Kimball Arts Center is also planning to build a new facility in the future “Arts and Culture District” of Bonanza Park.

Closely connected to the tourism and ski industries in Park City is the real estate industry. During the past ten years, building activity within the City has fluctuated from a low of \$40.9

million in 2011, because of the recession, to a high of \$158.2 million in 2017. Building activity over the last decade has averaged \$90.6 million per year. In the first six months of calendar year 2018, 37.3 percent of the \$47.3 million in building activity has been in residential construction. The remaining 62.7 percent consists of remodeling, expanding and miscellaneous construction. The residential construction total valuation of approximately \$17.6 million consisted of both single and multi-family homes. Easy access to Salt Lake City has intensified the role for Park City as a bedroom community. The current economy has continued to show emphasis of new construction of single family homes and remodeling and expanding of commercial buildings.



* The 2018 number is from January 2018 through June 2018 only. For activity by fiscal year, please see Schedule 26 of the Statistical Section.

According to the latest statistics by the Park City Board of Realtors, residential lots sold in Park City range from an average of \$651,250 in the Lower Deer Valley area to an average of \$2,562,500 for lots in the Empire Pass area. Condominiums range in average sales price from \$264,276 to \$3,059,805, depending upon location. Depending upon the area, single-family homes range from an average sales price of \$1,020,655 to \$6,200,000. Overall, year over prior year sales, the volume of single-family homes sold was up 8.0 percent and the median sales price increased by 4.0 percent, over 2017. In contrast, condominium sales showed a volume decrease of 2.0 percent, however the median sales price increased 18.0 percent as compared to 2017.

Long-term Financial Planning

Insurance – The City maintains a health and dental insurance plan through Regence Blue Cross Blue Shield of Utah. Each year Regence examines the City’s use of the plan and its total costs to Regence and then determines the price for the following year. In fiscal year 2018 the City experienced an increase of 3.7 percent. The benefits committee reviews the annual increases and makes a recommendation on any premium increases or policy changes on an annual basis. The City offers a high-deductible medical plan in addition to the traditional plans. The City also offers a discount on premiums to employees if they participate in a wellness program, which requires annual physicals, regular dental visits, and other various activities to promote a healthy lifestyle.

Sales Tax – Park City depends on sales tax revenue to fund City services. Sales tax also helps to fund the infrastructure to support special events and tourism. Of the 8.45 percent sales tax on general purchases in Park City, the municipality levies a 1.0 percent local option sales tax, a 0.25 county option sales tax, a combined 0.8 percent transit tax, a 0.1 county cultural tax, a 1.1 percent resort community tax and a 0.5 percent additional resort community sales and use tax.

Relevant Financial Policies

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

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

Property Tax – A property tax comparison that normalized tax rates across 53 large cities in the United States, including Salt Lake City, ranked cities by property tax rate. Salt Lake City was consistently amongst the lower in the nation, ranking between 40 and 50. Park City's tax rate is approximately one half of the property tax rate of Salt Lake City. The Property Tax Act provides that all taxable property must be assessed and taxed at a uniform and equal rate on the basis of its fair market value by January 1 of each year. Summit County levies, collects, and distributes property taxes for Park City and all other taxing jurisdictions within the County. Primary residences are taxed at 55 percent of the assessed value while secondary residences are taxed at 100 percent of the assessed value. The budget for fiscal year 2018 was adopted with no property tax increase.

Major Initiatives

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

Electric Bike-Share Program – In an effort to reduce traffic and improve air quality, Park City teamed up with Summit County to purchase eighty-eight E-bikes. There are nine docking stations split amongst Park City Old Town, Kimball Junction, and Canyons Transit Center. If Park City’s residents and tourists continue to respond well to the all-electric bike-share program, it could be a great step for the community to mitigate traffic congestion and become more environmentally sustainable, and a great example for cities looking to accomplish these same goals.

Electric Bus System – Park City became the first mountain resort community in the country, and the first city in the state, to operate a zero-emission, all-electric bus system. The buses are faster and more efficient than diesel-fueled buses, running every ten minutes from 7:00 a.m. to midnight, seven days a week, at about \$0.19 per mile. The buses run along State Route 224 from Kimball Junction to Park City Old Town Transit Center, with stops at Fresh Market and the Canyons Resort. The installation of an additional bus charger at the Old Town Transit Center was completed during fiscal year 2018. Due to the success of the electric bus system, we anticipate the purchase of seven additional electric buses in fiscal year 2019.

Kamas Commuter – During the Summer of 2017, Park City transit service extended to the Kamas Valley as part of a pilot program with Summit County. Two commuter buses run in the mornings and evenings with stops along State Road 248 and the Kamas Valley. This is part of the five-year transit plan.

Treasure Hill – City Council approved a purchase and sale agreement as well as a settlement agreement to purchase 105 acres located on a hillside overlooking Old Town along the route of the Town Lift, known as Treasure Hill. An initial payment of \$6.0 million was made in March 2018 that will be applied to either the final purchase or to buy down the density of the area by 10.0 percent. A \$48.0 million bond initiative will be included on the November 2018 ballot that would be used to fund the remaining cost of the acquisition of the Treasure land conservation deal.

Affordable Housing – City Council is committed to making Park City a thriving mountain community through accessible and diverse housing. The City began building eight units at 1450 and 1460 Park Avenue and entered into an agreement to purchase eleven new units upon completion known as the Central Park Condos. All nineteen of these units were contracted to sell through a lottery system to qualified residents during fiscal year 2018. All of the units were sold except for one at fiscal yearend. The City began construction of four single family homes, four

townhomes and four accessory units located on Woodside Avenue. Anticipated completion of these units is Spring of 2019.

Update on Major Projects

Water Projects – Water quality and delivery continue to be a top priority for Park City. With the rate of development that has occurred over the past few years, future water needs have been identified and the cost of these improvements is being fairly distributed between users and new development. Capital spending in the Water Fund is reflective of the City’s continuing commitment to secure Park City’s water needs through improvements to the City’s water infrastructure. The Water Fund Financial Model is reviewed and updated annually to assess the long-range operating and capital needs of the Water Fund and to determine future water rate increases and bonding needs. The City continues to evaluate the need for a new public utilities building to better serve Water, Streets, and Stormwater utilities. Additionally, the City continues to improve the culinary water system with funds from the five-year Capital Improvement Plan, an account with an approximate value of \$5.2 million.

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

Parking System – In 2016, Park City completed a comprehensive parking study which it worked to implement all findings from the study by overhauling the parking department with technology and paid parking. The new parking system was implemented in October 2017. In just one year, the City acquired funding and launched two guidance systems, collections management, mobile app, wayfinding signage, branding, meters and a facelift to the China Bridge parking garage.

Awards and Acknowledgements

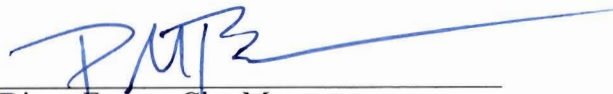
Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Park City Municipal Corporation for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Certificate of Achievement 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, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles 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 thirty consecutive years, fiscal years 1987-2017. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,



Diane Foster, City Manager



Rebecca Gillis, Finance Manager

PARK CITY MUNICIPAL CORPORATION, UTAH

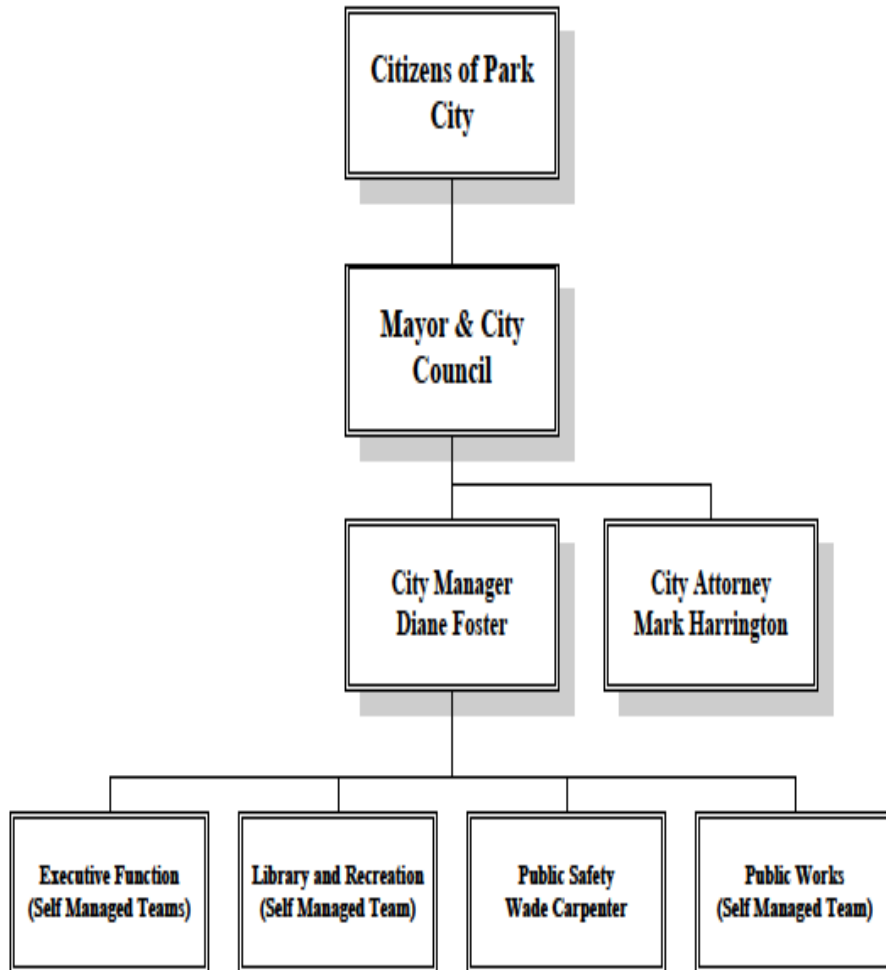
Park City Municipal Building
445 Marsac Avenue
Park City, Utah 84060

MAYOR AND CITY COUNCIL AS OF JUNE 30, 2018

Name	Term Expires
Mayor	
Andy Beerman <i>445 Marsac Avenue Park City, Utah 84060</i>	January 2022
Councilors	
Tim Henney <i>PO Box 3927 Park City, Utah 84060</i>	January 2022
Steven Joyce <i>1776 Park Ave, Ste. 4 Park City, Utah 84060</i>	January 2022
Lynn Ware <i>2844 Holiday Ranch Loop Park City, Utah 84060</i>	January 2020
Nannette Worel <i>3412 Solamere Drive Park City, Utah 84060</i>	January 2020
Rebecca Gerber <i>PO Box 744 Park City, Utah 84060</i>	January 2020

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

PARK CITY MUNICIPAL CORPORATION, UTAH



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



Government Finance Officers Association

**Certificate of
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Presented to

Park City Municipal Corporation

Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Members of the City Council
Park City Municipal Corporation, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Park City Municipal Corporation (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding progress, proportionate share of the collective net pension liability information, and proportionate share of statutorily required pension contribution information on pages 4-20 and 91-93 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Salt Lake City, Utah
December 20, 2018

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2018

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, 2018. When read in conjunction with the letter of transmittal and the notes to the financial statements, the financial highlights, overview and analysis should assist the reader to gain a more complete knowledge of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The City's government-wide net position (the amount by which assets and deferred outflows exceed liabilities and deferred inflows) as of June 30, 2018, was \$364,589,784. Of this amount, \$52,106,301 (unrestricted net position) is available to meet ongoing financial obligations.
- The City's government-wide net position increased by \$25,057,019. Of this amount, business-type activities increased by \$5,309,389, a rise of 4.5 percent, and the governmental activities increased by \$19,747,630 a rise of 9.0 percent when compared to last fiscal year.
- The City's governmental funds reported a combined ending fund balance of \$63,065,279 an increase of \$16.7 million (36.1 percent) compared to the beginning of this year's fund balance amount. The increase in fund balance in comparison to last fiscal year is attributable to increases in committed and restricted fund balance for capital projects. Of the combined total fund balance, \$7,730,233 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, 2018, totaled \$7,730,233 and is 22.4 percent of the General Fund total revenues for the year and 12.3 percent of total governmental fund balance.
- The City's total debt had a net increase of \$20,200,000 during fiscal year 2018. This represents a 19.3 percent increase over the prior year, which is attributable to the issuance of the 2017 Sales Tax Bonds combined with the effect of the normal reduction in principal balances from required debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

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

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

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

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

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

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

Governmental Funds – At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation between the two types of statements is necessary to understand how the numbers differ. Such reconciliations are provided for the reader on pages 28 and 30. The City has four governmental type funds. These are the general fund, special revenue funds, the debt service funds and the capital projects funds. Four of these are considered major funds: General Fund, Sales Tax Revenue and Refunding Debt Service Fund, Park City General Obligation Debt Service Fund and Capital Projects Improvement Fund. The basic governmental fund financial statements can be found on pages 27-31 of this report. A summary of other funds (nonmajor funds) is combined into one “Nonmajor Governmental Funds” column. The composition of the nonmajor funds is shown in the combining statements later in the report in the supplementary information section on pages 96-106.

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

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

Proprietary Funds – These funds provide the same type of information as the government-wide financial statements, only in more detail. The City uses both enterprise funds and internal service funds. The basic proprietary fund financial statements can be found on pages 33-37 of this report.

- **Enterprise Funds** are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City currently operates enterprise funds for the City-owned water system, stormwater system, public transportation system (bus and trolley system), paid parking system and golf course.
- **Internal Service Funds** are used to account for the central financing of goods or services provided to various departments of the City or other governments on a cost-reimbursement basis. The City currently has two internal service funds. The Fleet Services Fund provides vehicle storage, repair and maintenance. The Self-Insurance Fund was established to allow the City to supplement its regular insurance coverage. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The combining statements for internal service funds can be found on pages 108-110 of this report.

Fiduciary Funds – These funds are used for assets the City receives wherein the City has temporary custody. Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds and do not involve measurement of results of operations (assets equal liabilities). The basic fiduciary fund financial statements can be found on pages 39-40 of this report.

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

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position – The following table presents summary information from the Statement of Net Position for the years ended June 30, 2018 and 2017.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		Total % Change
	<u>2018</u>	<u>2017 *</u>	<u>2018</u>	<u>2017 *</u>	<u>2018</u>	<u>2017 *</u>	
Current and other assets	\$ 91.4	\$ 73.9	\$ 29.8	\$ 43.7	\$ 121.2	\$ 117.6	3.1%
Capital assets	279.1	249.2	133.6	123.1	412.7	372.3	10.9%
Total assets	<u>370.5</u>	<u>323.1</u>	<u>163.4</u>	<u>166.8</u>	<u>533.9</u>	<u>489.9</u>	9.0%
Total deferred outflows of resources	<u>5.3</u>	<u>4.9</u>	<u>2.1</u>	<u>1.7</u>	<u>7.4</u>	<u>6.6</u>	12.1%
Long-term debt	98.2	72.1	35.8	39.1	134.0	111.2	20.5%
Other liabilities	11.1	12.5	5.2	11.4	16.3	23.9	-31.8%
Total liabilities	<u>109.3</u>	<u>84.6</u>	<u>41.0</u>	<u>50.5</u>	<u>150.3</u>	<u>135.1</u>	11.3%
Total deferred inflows of resources	<u>24.8</u>	<u>21.4</u>	<u>1.6</u>	<u>0.5</u>	<u>26.4</u>	<u>21.9</u>	20.5%
Net position							
Net investment in capital assets	190.0	182.7	104.3	91.0	294.3	273.7	7.5%
Restricted	13.0	7.6	5.2	5.1	18.2	12.7	43.3%
Unrestricted	38.7	31.7	13.4	21.4	52.1	53.1	-1.9%
Total net position	<u>\$ 241.7</u>	<u>\$ 222.0</u>	<u>\$ 122.9</u>	<u>\$ 117.5</u>	<u>\$ 364.6</u>	<u>\$ 339.5</u>	7.4%

* Restatement of Fiscal Year 2017 is the result of a prior period adjustment; see Note R on page 87-88 for more detail.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2018, the City's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$364.6 million (net position), compared to \$339.5 million at June 30, 2017. This would indicate an improved financial position in comparison to last fiscal year. Approximately 80.7 percent at June 30, 2018, and 80.6 percent at June 30, 2017, of these amounts are represented by the investment in capital assets, less debt still outstanding relating to acquisition of those assets (see subsections explaining capital assets and debt below). Due to the nature of these assets (long-term assets which are not readily convertible to liquid assets) they are not considered to be available for spending or appropriation. Although the City's investment in capital assets is reported net of related debt, it should be understood that the repayment of this debt does not come from the capital assets themselves, but comes from other resources. The increase in the City's net investment in capital assets of \$20.6 million was primarily due to the

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018**

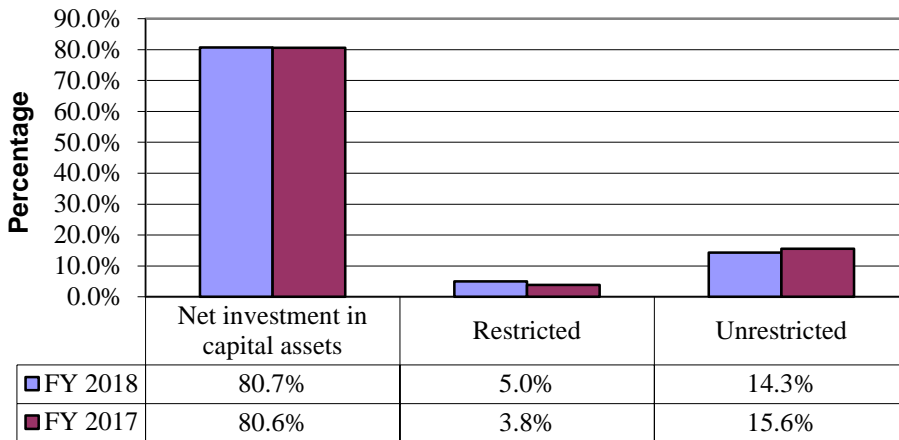
purchase of Bonanza Park East (Arts & Culture District), combined with routine acquisitions of capital assets, repayments of the related debt and depreciation expense.

Restricted net position of \$18.2 million at June 30, 2018, and \$12.7 million at June 30, 2017 represents resources that are subject to external restrictions on how they may be used. The increase in restricted net position of \$5.5 million reflects the addition of the 2017 Sales Tax Revenue Bond restricted for the purpose of financing capital projects. Restricted net position for debt service and other remained the same from fiscal year 2017.

The other sub-classification of net position is unrestricted. The balance of approximately \$52.1 million at June 30, 2018, which is unrestricted, denotes that this amount may be used to meet general, on-going financial obligations without constraints established by debt covenants or other legal requirements. Unrestricted net position decreased \$1.0 million from last fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

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

**Park City Municipal Corporation
Net Position Percentage
June 30, 2018 and 2017 ***



* Restatement of Fiscal Year 2017 is the result of a prior period adjustment; see Note R on page 87-88 for more detail.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

Changes in Net Position - As taken from the Statement of Activities, the following table depicts the changes in net position for fiscal years 2018 and 2017.

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

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2018	2017	2018	2017	2018	2017	
Revenues							
Program Revenues							
Charges for services	\$ 6.3	\$ 5.1	\$ 30.2	\$ 24.6	\$ 36.5	\$ 29.7	22.9%
Operating grants and contributions	0.2	0.2	2.3	2.8	2.5	3.0	-16.7%
Capital grants and contributions	9.0	2.6	2.4	14.6	11.4	17.2	-33.7%
General Revenues							
Property Tax	21.1	18.6	-	-	21.1	18.6	13.4%
Other Taxes	23.5	21.1	5.6	5.2	29.1	26.3	10.6%
Investment earnings	1.1	0.6	0.4	0.4	1.5	1.0	50.0%
Other	1.8	4.8	0.5	0.5	2.3	5.3	-56.6%
Total revenues	63.0	53.0	41.4	48.1	104.4	101.1	3.3%
Expenses							
General government	21.8	21.9	-	-	21.8	21.9	-0.5%
Public safety	6.7	6.3	-	-	6.7	6.3	6.3%
Public works	7.2	7.3	-	-	7.2	7.3	-1.4%
Library and recreation	5.7	5.8	-	-	5.7	5.8	-1.7%
Interest on long-term debt	2.6	1.4	-	-	2.6	1.4	85.7%
Water	-	-	13.3	13.1	13.3	13.1	1.5%
Stormwater	-	-	0.9	1.2	0.9	1.2	100.0%
Transportation and parking	-	-	19.4	13.8	19.4	13.8	40.6%
Golf course	-	-	1.7	1.5	1.7	1.5	13.3%
Total expenses	44.0	42.7	35.3	29.6	79.3	72.3	9.7%
Increase in net position before transfers	19.0	10.3	6.1	18.5	25.1	28.8	-12.8%
Transfers	0.7	(7.5)	(0.7)	7.5	-	-	0.0%
Increase in net position	19.7	2.8	5.4	26.0	25.1	28.8	0.0%
Net position beginning	222.0	212.0	117.5	91.8	339.5	303.8	11.8%
Adjustment to beginning net position*	-	7.2	-	(0.3)	-	6.9	100.0%
Net position ending	\$ 241.7	\$ 222.0	\$ 122.9	\$ 117.5	\$ 364.6	\$ 339.5	7.4%

* Restatement of beginning net position is the result of a prior period adjustment; see Note R on page 87-88 for more detail.

Net position increased from governmental activities in fiscal year 2018 approximately \$19.7 million and increased \$2.8 million in fiscal year 2017. The increase is primarily from increased capital grants and contributions combined with an increase in resort and sales taxes. Expenses for

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

governmental activities increased \$1.3 million. The reasons for this increase are discussed in the following section for governmental activities.

Net position increased \$5.4 million in fiscal year 2018 and increased \$26.0 million in 2017 for business-type activities. The revenues for business-type activities decreased \$6.7 million mostly due to a decrease in capital grants and contributions. Expenses for business-type activities increased \$5.7 million. The reasons for this increase are discussed in the following section for business-type activities.

Revenues – For the year ended June 30, 2018, the City’s government-wide total revenues are approximately \$104.4 million as compared to the prior year total revenues of \$101.1 million.

Key elements of this change were as follows:

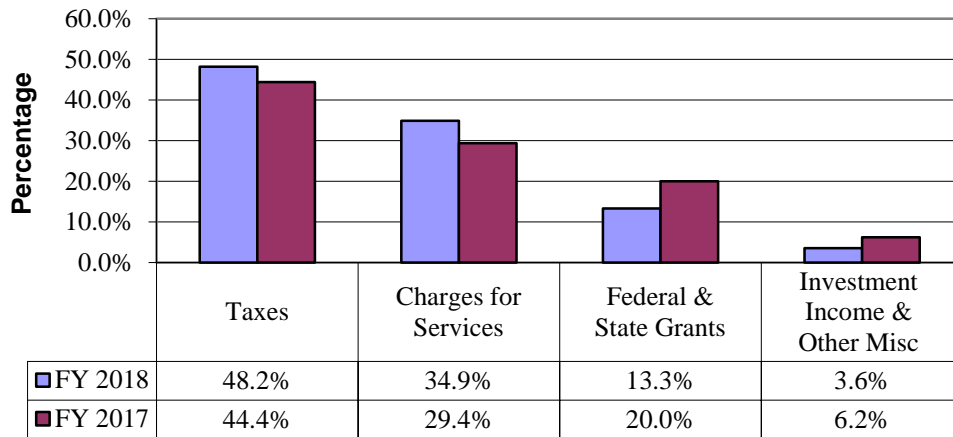
- Of the City’s total revenues, approximately 48.2 percent in fiscal year 2018 and 44.4 percent in fiscal year 2017 resulted from taxes, of which the majority was from general sales and use taxes and resort taxes as shown in the following table:

	Tax Revenues		Total % Change
	2018	2017	
Property tax, levied for general purposes	\$ 14.7	\$ 14.4	2.08%
Property tax, levied for debt service	6.4	4.2	52.38%
General sales and use tax	11.5	10.8	6.48%
Franchise tax	3.1	3.2	-3.13%
Resort tax	14.5	12.3	17.89%
Total	\$ 50.2	\$ 44.9	11.80%

- Charges for services increased in fiscal year 2018 approximately \$6.8 million and increased from 29.4 percent of total revenues in fiscal year 2017 to 34.9 percent in fiscal year 2018. The \$6.8 million increase was primarily due to an increase in transportation and parking fees and increased licensing and permit fees.
- Operating and capital contributions and grants decreased to 13.3 percent of total revenues in fiscal year 2018 as compared to 20.0 percent in fiscal year 2017. This was a result of a decrease in operating and capital grants in business-type 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 decreased to 3.6 percent of total revenues in fiscal year 2018 from 6.2 percent in fiscal year 2017. The \$2.5 million decrease was due to a decrease in donations received in fiscal year 2018.

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018**

**Government-Wide Revenues by Source
June 30, 2018 and 2017**



Expenses – The City’s government-wide total expenses cover a range of services. For the year ended June 30, 2018, the City’s total expenses are \$79.3 million compared to the prior year of \$72.3 million. Of the \$7.0 million increase, general government expenses decreased \$0.1 million, public safety increased \$0.4 million, public works decreased \$0.1 million, library and recreation decreased \$0.1 million and interest on long-term debt increased \$1.2 million. Business-type activities increased \$5.7 million.

Governmental Activities:

The City’s governmental activities increased net position by \$19.7 million. Key elements of this increase were as follows:

Revenue Highlights:

- Taxes comprise the largest source of revenue for the City’s governmental activities: Approximately \$44.6 million or 70.8 percent in fiscal year 2018 and \$39.7 million or 74.9 percent in fiscal year 2017 of total revenues from governmental activities. The \$4.9 million increase is the combination of the increased receipts of sales, resort and property taxes. Of total taxes, real property taxes are approximately \$21.1 million (47.3 percent) in fiscal year 2018 and \$18.6 million (46.9 percent) in fiscal year 2017.
- Charges for services increased to \$6.3 million or 10.0 percent of total revenues in fiscal year 2018 from \$5.1 million or 9.6 percent of total revenues in fiscal year 2017. The increase in 2018 was a result of increased licensing and permit fees and recreational activity fees.
- Grant and contribution revenue represents approximately \$9.2 million or 14.6 percent in fiscal year 2018 and \$2.8 million or 5.3 percent in fiscal year 2017 of total revenues. The \$6.4 million increase was the result of an increase in capital grants and contributions towards the purchase of the Mine Bench and Marsac 100 properties.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

Expense Highlights:

- General government expenses of \$21.8 million in fiscal year 2018 and \$21.9 million in fiscal year 2017 represented 49.5 percent in fiscal year 2018 and 51.3 percent in fiscal year 2017 of total expenses from governmental activities. General government includes City Council, Mayor, City Attorney, Human Resources, Technical and Customer Services, Budget, Debt and Grants, Building, Economy, Community and Environment, Planning, Engineering, Finance, Quinns Recreation Complex, Lower Park Avenue Redevelopment Agency, Main Street Redevelopment Agency, and Non-departmental.
- Public Safety expenses were \$6.7 million or 15.3 percent in fiscal year 2018 and \$6.3 million or 14.8 percent in fiscal year 2017. The \$0.4 million increase was primarily due to increases in salaries and benefits.
- Public Works, accounted for approximately \$7.2 million or 16.4 percent in fiscal year 2018 and \$7.3 million or 17.1 percent in fiscal year 2017 of total expenses.
- Library and Recreation expenses were \$5.7 million or 13.0 percent in fiscal year 2018 and \$5.8 million or 13.6 percent in fiscal year 2017.

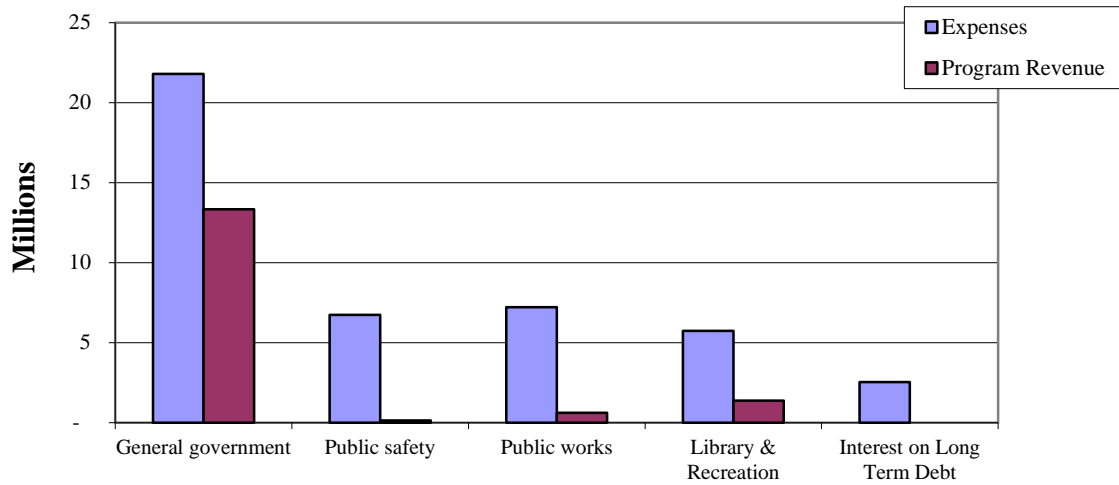
As a result, total net expenses that were funded by general revenues were \$28.5 million. Tax revenues of \$44.6 million were sufficient to fund net expenses in fiscal year 2018.

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

Park City Municipal Corporation					
Costs of Governmental Activities					
(in millions of dollars)					
	Total Cost of		Net Cost of Services		Total %
	Services				
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
General government	\$ 21.8	\$ 21.9	\$ 8.5	\$ 16.1	-47.2%
Public safety	6.7	6.3	6.6	6.1	8.2%
Public works	7.2	7.3	6.6	6.6	0.0%
Library and recreation	5.7	5.8	4.3	4.6	-6.5%
Interest on long term debt	2.6	1.4	2.5	1.4	78.6%
Total	<u>\$ 44.0</u>	<u>\$ 42.7</u>	<u>\$ 28.5</u>	<u>\$ 34.8</u>	<u>-18.1%</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018**

**Expense and Program Revenue-Governmental Activities*
Fiscal Year 2018**



* See page 24

Business-type Activities:

The City's business-type activities increased net position by \$5.4 million. Key elements of this increase were as follows:

Revenue Highlights:

- Charges for services for business-type activities increased approximately \$5.6 million in fiscal year 2018 primarily due to the increase in transportation and parking fees.
- Operating and capital grants and contributions decreased approximately \$12.7 million from fiscal year 2017 to fiscal year 2018. The decrease was primarily due to a decrease in capital contribution donations received in fiscal year 2018.
- Combined general sales and use tax and transit resort tax increased approximately \$0.4 million from fiscal year 2017 to fiscal year 2018. The increase in fiscal year 2018 is attributable to a 0.5 percent increase to the transit tax in April 2017.

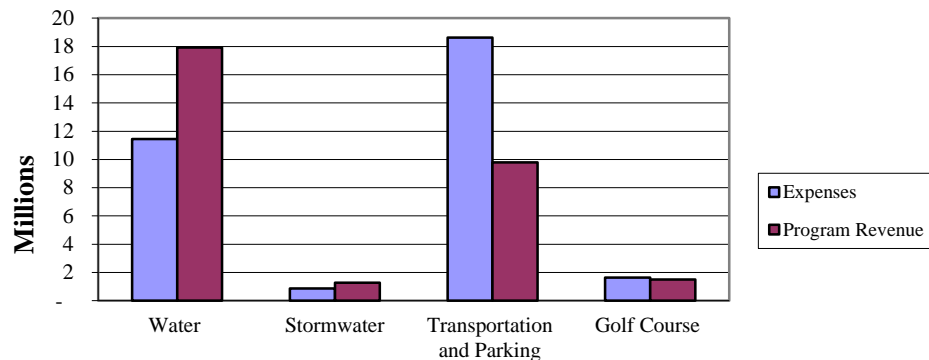
Expense Highlights:

- Salaries and benefits increased by \$2.3 million in 2018. The Transportation and Parking Fund accounted for \$2.1 million of the increase. The \$2.1 million increase in the Transportation and Parking Fund was due to an increase in the number of full-time benefitted and part-time positions. The remaining \$0.2 million increase was attributable to the Water Fund due to an increase in the number of full-time benefitted and part-time positions.

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018**

- Supplies, maintenance and services increased by \$3.1 million in fiscal year 2018. The \$3.1 million increase in the Transportation and Parking Fund was primarily due to a \$1.5 million payment to Summit County for transit operating assistance, \$0.4 million for the electric bus batteries, \$1.2 million for paid parking infrastructure.
- Energy and utilities remained flat in fiscal year 2018.

Business-Type Funds - Program Revenues and Expenses*



*See Page 24

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources available for appropriation. Such information is useful in assessing the City's financing requirements. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The City classified fund balances into the following five categories: nonspendable, restricted, committed, assigned and unassigned. In particular, unassigned fund balance is a useful measure of the City's net resources available for spending at the end of the fiscal year. More detailed information about GASB Statement No. 54 is presented in Note A, Section 5, on page 47.

As of June 30, 2018, the aggregate fund balance of the City's governmental funds was \$63.1 million, an increase of \$16.8 million in comparison with the fiscal year ended June 30, 2017. In fiscal year 2018, approximately \$7.7 million or 12.3 percent of this amount is in unassigned fund balance. Unassigned fund balance category is available for appropriation by the City Council at their discretion.

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable form or legally or contractually required to remain intact. Nonspendable fund balance is approximately \$0.1 million in fiscal year 2018 and was zero in fiscal year 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
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June 30, 2018

Restricted fund balance has externally enforceable limitations on use and is not available for new spending. Restricted fund balance is approximately \$12.9 million in fiscal year 2018 and \$7.6 million in fiscal year 2017. Restricted capital improvement funds will be used to pay for several large dollar construction projects in future fiscal years.

The remainder of the fund balance of \$42.4 million is committed. Of the \$42.4 million committed fund balance, \$38.9 million is committed to capital projects, \$1.9 million is committed to debt service and \$1.6 million is committed to special revenue. In fiscal year 2017 committed fund balance was approximately \$31.2 million and \$28.6 million was committed to capital projects, \$1.8 million to debt service, and \$0.8 million to special revenue.

The General Fund is the principal operating fund of the City. Utah State code establishes a 5.0 percent minimum (\$1,728,227) and a 25.0 percent maximum (\$8,641,136) limit to the amount that may be accumulated as the fund balance in the General Fund. As of June 30, 2018 the unassigned fund balance of the General Fund was \$7,730,233 and was \$910,903 below the 25.0 percent limit. The unassigned fund balance increased by \$232,956 in 2018. The unassigned fund balance in fiscal year 2017 increased \$717,603.

As of June 30, 2018, the restricted fund balance in the Capital Improvements Fund was \$6.6 million and the committed fund balance was \$34.3 million. In fiscal year 2017 the restricted fund balance was \$6.3 million and the committed fund balance was \$24.9 million. The \$9.4 million increase in committed fund balances resulted from a significant decrease in capital outlay.

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

Net position of the City's enterprise funds totaled approximately \$122.7 million at June 30, 2018, as compared to \$117.6 million at the end of fiscal year 2017. Net position at the end of fiscal year 2018 and 2017 for each of these funds were:

Park City Municipal Corporation
Proprietary Funds

<u>Fund</u>	<u>Amount</u>		<u>Change</u>
	<u>2018</u>	<u>2017 *</u>	
Water	\$ 62,169,461	\$ 56,685,424	\$ 5,484,037
Stormwater	8,429,678	8,066,988	362,690
Transportation and parking	49,239,872	49,751,326	(511,454)
Golf course	2,866,893	3,061,155	(194,262)
Total	<u>\$ 122,705,904</u>	<u>\$ 117,564,893</u>	<u>\$ 5,141,011</u>

* Restatement of Fiscal Year 2017 is the result of a prior period adjustment; see Note R on page 87-88 for more detail.

The net increase in net position from the prior year was \$5.1 million as compared to an increase of \$26.0 million in fiscal year 2017. Operating revenues increased \$5.6 million as compared to an increase of \$3.8 million in fiscal year 2017. The Transportation and Parking Fund operating

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

revenues increased \$4.6 million attributable to increases in parking meter and regional transit revenue. The Water and Stormwater Fund operating revenues increased \$1.0 million, collectively due to an increase in fees. The Golf Fund operating revenues remained flat.

Water Fund net investment in capital assets increased by \$8.1 million, restricted net position remained the same and unrestricted net position decreased by \$2.8 million resulting in a net increase of total net position of \$5.3 million. The increase in net investment in capital assets was due to the net of acquisition of capital assets, repayment of related debt, and depreciation expense.

Stormwater Fund net investment in capital assets decreased by \$0.1 million, restricted net position remained the same and unrestricted net position increased by \$0.5 million resulting in a net increase of total net position of \$0.4 million. The increase was due an increase in fees.

Transportation and Parking Fund net investment in capital assets increased by \$5.2 million in fiscal year 2018 primarily due to the purchase of the new parking system, installation of a new charging station, and the purchase of 23 condo units for transit operator housing. Unrestricted net position decreased \$5.7 million resulting in a net decrease of total net position of \$0.5 million.

Golf Fund net investment in capital assets decreased by \$0.2 million. The decrease was due to regular depreciation expense. Unrestricted net position remained the same.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Differences between the original budget and the final amended budget for expenditures of \$1.4 million (net increase) can be briefly summarized as follows:

- \$1.1 million increase in appropriations for general government was due to lump merit awards and vacancy factor allocations.
- \$0.3 million increase in public safety for salaries and benefits.

Total actual expenditures came in \$1.3 million below the final budget. All departments remained within their legal spending authority. The differences between actual and the final budget can be briefly summarized as follows:

- The final budget was \$0.9 million more than the actual expenditures in general government. This variance is attributable to expenditures under budget in salaries and benefits.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

- The final budget in public safety was \$0.2 million more than actual expenditures. The variance is attributable to expenditures under budget in salaries and benefits.
- The final budget was \$0.1 million more than actual expenditures in public works. The variance is attributable to expenditures under budget in parts and maintenance supplies for Street Maintenance.
- The final budget was \$0.1 million more than actual expenditures in library and recreation. The variance is attributable to expenditures under budget in utilities and supplies for Recreation.

Actual revenues of \$34.6 million were \$0.4 million less than the budgeted revenues of \$35.0 million. See Note L-Budget Reconciliation on page 84 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 \$412.7 million (net of \$206.7 million accumulated depreciation) at June 30, 2018, as compared to \$372.3 million (net of \$195.3 million accumulated depreciation) at June 30, 2017. 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, 2018 included:

Governmental Activities:

- \$19.4 million purchase of land known as Bonanza Park East
- \$6.0 million purchase for a 10% buy-down of density of the Treasure Hill property
- \$1.5 million for Woodside Affordable Housing
- \$1.5 million for Lowell Avenue Reconstruction

Business-type Activities:

- \$2.4 million for Parking System
- \$1.2 million for 23 Prospector Condos to be used as transit operator housing
- \$1.1 million for the Old Town Electric Bus Charging Station

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total %</u> <u>Change</u>
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>2018</u>	<u>2017 *</u>	
	<u>2018</u>	<u>2017 *</u>	<u>2018</u>	<u>2017 *</u>	<u>2018</u>	<u>2017 *</u>	
Land and water rights	\$ 177.9	\$ 155.8	\$ 22.2	\$ 22.2	\$ 200.1	\$ 178.0	12.4%
Infrastructure	114.6	114.7	-	-	114.6	114.7	-0.1%
Buildings	45.3	43.3	23.1	20.7	68.4	64.0	6.9%
Art	0.7	0.7	0.1	0.1	0.8	0.8	0.0%
Improvements other than buildings	41.4	41.1	111.4	107.1	152.8	148.2	3.1%
Vehicles and equipment	13.4	12.8	32.6	30.9	46.0	43.7	5.3%
Construction in progress	13.8	5.6	14.2	6.6	28.0	12.2	129.5%
Intangibles	8.6	5.9	0.1	0.1	8.7	6.0	45.0%
Accumulated depreciation	(136.6)	(130.7)	(70.1)	(64.6)	(206.7)	(195.3)	5.8%
Total Assets	<u>\$ 279.1</u>	<u>\$ 249.2</u>	<u>\$ 133.6</u>	<u>\$ 123.1</u>	<u>\$ 412.7</u>	<u>\$ 372.3</u>	<u>10.9%</u>

* Restatement of Fiscal Year 2017 is the result of a prior period adjustment; see Note R on page 87-88 for more detail.

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

Long-term Debt: At June 30, 2018, the City had \$132.7 million in bonds, an increase of 20.6 percent from fiscal year 2017. Of this amount \$45.3 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 \$87.4 million.

The City's general obligation bonds were recently upgraded by Moody's to Aaa, and confirmed at AA+ by Standard and Poor's and AA+ by Fitch. Standard and Poor's has assigned a rating of AA- to the most recent Series 2015 and 2017 Sales Tax Revenue Bonds. The City's 2013 and 2014 Water Revenue Bonds are rated Aa2 by Moody's and AA by Standard and Poor's. The City's long-term obligations for the fiscal years 2018 and 2017 were as follows:

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total %</u> <u>Change</u>
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>2018</u>	<u>2017</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
General obligation bonds	\$ 45.3	\$ 50.5	\$ -	\$ -	\$ 45.3	\$ 50.5	-10.3%
Revenue bonds	52.0	20.7	35.4	38.8	87.4	59.5	46.9%
Total debt	<u>\$ 97.3</u>	<u>\$ 71.2</u>	<u>\$ 35.4</u>	<u>\$ 38.8</u>	<u>\$ 132.7</u>	<u>\$ 110.0</u>	<u>20.6%</u>

The State of Utah mandates a general obligation debt limit of 4.0 percent of total assessed value of \$8,647,347,105. The current limitation for the City is \$345,893,884 which is significantly in excess of the City's outstanding general obligation debt. The City's net debt subject to this

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018**

limitation was \$42,390,000 or 0.5 percent of total assessed value, leaving the amount available for future indebtedness at \$303,503,884. See Schedule 17 on page 129 of this report.

More detailed information about the City's long-term liabilities is presented in Note E-Long-term Obligations on pages 58-69 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate for Summit County (of which Park City is the largest city) was 2.9 percent compared with the State unemployment rate of 3.0 percent, and a national rate of 4.0 percent. This compares with a rate of 3.1 percent for Summit County in 2017. (Sources: Utah Dept. of Workforce Services and Bureau of Labor Statistics)
- The fiscal year 2019 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 2019 compared with the prior fiscal year. The most significant changes in rates were in the Water and Stormwater Funds. In the Water Fund the water base rate was increased 6.0 percent, a 10.0 percent increase to the irrigation base rate, and an increase to the energy surcharge of \$0.14 to \$0.41 per 1,000 gallons effective July 1, 2018. In the Stormwater Fund the Equivalent Surface Unit (ESU) charge increased 25.0 percent, a \$1.22 increase. The City anticipates rate increases each year over the next several years in order to provide adequate working capital necessary to maintain the water and stormwater systems.
- On November 6, 2018, Park City voters approved the Park City Open Space Bond Ballot Initiative in an amount not to exceed \$48,000,000. This general obligation bond will be used to acquire, improve and forever preserve open space, park and recreational land located in Treasure Hill and Armstrong/Snow Ranch Pasture.

Contacting City Management

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

BASIC FINANCIAL STATEMENTS

Park City Municipal Corporation, Utah
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash, cash equivalents and investments	\$ 52,370,923	\$ 14,264,278	\$ 66,635,201
Restricted cash and cash equivalents, fiscal agent	6,211,943	5,186,969	11,398,912
Restricted cash, cash equivalents and investments, other	6,604,245	-	6,604,245
Receivables:			
Taxes	23,471,210	538,782	24,009,992
Accounts	1,092,279	7,987,369	9,079,648
Notes	1,273,106	-	1,273,106
Internal balances	(66,053)	66,053	-
Inventories	294,289	500,077	794,366
Prepays	-	1,263,500	1,263,500
Building held for resale	166,096	-	166,096
Capital assets not being depreciated:			
Land and water rights	177,825,381	22,245,189	200,070,570
Construction in progress	13,820,885	14,182,778	28,003,663
Art	730,119	109,214	839,333
Capital assets (net of accumulated depreciation):			
Buildings	30,273,719	15,882,044	46,155,763
Improvements other than buildings	19,807,470	62,673,032	82,480,502
Vehicles and equipment	5,274,983	18,495,486	23,770,469
Infrastructure	23,161,347	-	23,161,347
Intangibles	8,245,166	26,575	8,271,741
Net pension asset	3,365	-	3,365
Total assets	<u>370,560,473</u>	<u>163,421,346</u>	<u>533,981,819</u>
 Deferred outflows of resources related to pensions	 <u>\$ 5,284,406</u>	 <u>\$ 2,051,311</u>	 <u>\$ 7,335,717</u>

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

Park City Municipal Corporation, Utah
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 2,524,200	\$ 2,870,983	\$ 5,395,183
Accrued liabilities	2,932,682	241,948	3,174,630
Long-term debt due within one year:			
Compensated absences	353,697	171,623	525,320
General obligation bonds	4,360,000	-	4,360,000
Revenue bonds	3,240,000	3,255,000	6,495,000
Long-term debt due in more than one year:			
Compensated absences	520,460	179,316	699,776
General obligation bonds	40,913,366	-	40,913,366
Revenue bonds	48,763,833	32,164,397	80,928,230
Net pension liability	5,692,928	2,087,306	7,780,234
Total liabilities	<u>109,301,166</u>	<u>40,970,573</u>	<u>150,271,739</u>
Deferred inflows of resources			
Property taxes	20,046,312	-	20,046,312
Deferred gain on refunding	217,783	-	217,783
Deferred inflows of resources related to pensions	4,382,562	1,643,260	6,025,822
Deferred inflows of resources - unavailable revenue	166,096	-	166,096
Total deferred inflows of resources	<u>24,812,753</u>	<u>1,643,260</u>	<u>26,456,013</u>
Net Position			
Net investment in capital assets	190,028,413	104,256,756	294,285,169
Restricted for:			
Debt service	11,900	5,186,969	5,198,869
Capital projects	12,804,288	-	12,804,288
Other	195,157	-	195,157
Unrestricted	38,691,202	13,415,099	52,106,301
Total net position	<u><u>\$241,730,960</u></u>	<u><u>\$ 122,858,824</u></u>	<u><u>\$364,589,784</u></u>

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

Park City Municipal Corporation, Utah
Statement of Activities
For the Fiscal Year Ended June 30, 2018

<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	\$ 21,793,758	\$ 4,724,514	\$ 17,000	\$ 8,598,624	\$ (8,453,620)
Public safety	6,736,639	2,880	131,575	-	(6,602,184)
Public works	7,209,164	189,117	-	420,261	(6,599,786)
Library and recreation	5,726,489	1,356,186	12,500	10,000	(4,347,803)
Interest on long-term debt	2,537,159	-	-	-	(2,537,159)
Total governmental activities	<u>44,003,209</u>	<u>6,272,697</u>	<u>161,075</u>	<u>9,028,885</u>	<u>(28,540,552)</u>
Business-type activities:					
Water	13,314,440	17,924,616	-	1,255,340	5,865,516
Stormwater	921,138	1,277,767	-	-	356,629
Transportation and parking	19,435,515	9,789,087	2,307,083	1,184,342	(6,155,003)
Golf course	1,711,826	1,203,560	-	-	(508,266)
Total business-type activities	<u>35,382,919</u>	<u>30,195,030</u>	<u>2,307,083</u>	<u>2,439,682</u>	<u>(441,124)</u>
Total primary government	<u>\$ 79,386,128</u>	<u>\$ 36,467,727</u>	<u>\$ 2,468,158</u>	<u>\$ 11,468,567</u>	<u>\$ (28,981,676)</u>

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

Park City Municipal Corporation, Utah
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	\$ (28,540,552)	\$ (441,124)	\$ (28,981,676)
General revenues:			
Property tax, levied for general purposes	14,686,693	-	14,686,693
Property tax, levied for debt service	6,432,184	-	6,432,184
General sales and use tax	5,915,331	5,617,865	11,533,196
Franchise tax	3,147,847	-	3,147,847
Resort tax	14,491,767	-	14,491,767
Investment earnings	1,122,856	372,627	1,495,483
Miscellaneous	1,776,504	475,021	2,251,525
Transfers	715,000	(715,000)	-
Total general revenues and transfers	<u>48,288,182</u>	<u>5,750,513</u>	<u>54,038,695</u>
Change in net position	<u>19,747,630</u>	<u>5,309,389</u>	<u>25,057,019</u>
Net position—beginning	214,841,303	117,759,368	332,600,671
Adjustment	<u>7,142,027</u>	<u>(209,933)</u>	<u>6,932,094</u>
Net position—beginning, as adjusted	<u>221,983,330</u>	<u>117,549,435</u>	<u>339,532,765</u>
Net position—end of year	<u>\$ 241,730,960</u>	<u>\$ 122,858,824</u>	<u>\$ 364,589,784</u>

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

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GOVERNMENTAL FUNDS

Major Funds

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

Debt Service - Sales Tax Revenue and Refunding Bond Fund - Accounts for the accumulation of money for the repayment of the 2014A and B, 2015, and 2017 Sales Tax Revenue and Refunding Bonds.

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

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

Park City Municipal Corporation, Utah
Balance Sheet
Governmental Funds
June 30, 2018

	General	Debt Service -Sales Tax Revenue and Refunding	Debt Service - Park City General Obligation	Capital Projects - Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash, cash equivalents and investments	\$ 8,061,742	\$ 1,186,364	\$ 671,106	\$ 33,572,974	\$ 6,350,403	\$ 49,842,589
Restricted cash, cash equivalents and investments, fiscal agent	-	6,210,583	1,360	-	-	6,211,943
Restricted cash, cash equivalents and investments, other	-	-	-	6,604,245	-	6,604,245
Receivables						
Taxes	11,744,936	-	6,021,374	678,249	4,158,120	22,602,679
Accounts	175,599	-	-	781,927	1,027	958,553
Notes	-	-	-	1,273,106	-	1,273,106
Interfund loan	86,867	-	-	-	-	86,867
Other assets	50,719	-	-	-	-	50,719
Building held for resale	-	-	-	166,096	-	166,096
Total assets	<u>\$ 20,119,863</u>	<u>\$ 7,396,947</u>	<u>\$ 6,693,840</u>	<u>\$ 43,076,597</u>	<u>\$ 10,509,550</u>	<u>\$ 87,796,797</u>
Liabilities						
Accounts payable	\$ 1,164,803	\$ -	\$ 1,000	\$ 684,953	\$ 249,529	\$ 2,100,285
Accrued liabilities	1,058,852	-	-	-	-	1,058,852
Total liabilities	<u>2,223,655</u>	<u>-</u>	<u>1,000</u>	<u>684,953</u>	<u>249,529</u>	<u>3,159,137</u>
Deferred inflows of resources						
Unavailable revenue-property tax	9,883,951	-	6,021,374	-	4,140,987	20,046,312
Unavailable revenue-notes	86,867	-	-	1,439,202	-	1,526,069
Total deferred inflows of resources	<u>9,970,818</u>	<u>-</u>	<u>6,021,374</u>	<u>1,439,202</u>	<u>4,140,987</u>	<u>21,572,381</u>
Fund Balances						
Nonspendable:						
Interfund loan	86,867	-	-	-	-	86,867
Inventory	50,719	-	-	-	-	50,719
Restricted:						
Capital projects	-	6,200,043	-	6,604,245	-	12,804,288
Debt service	-	10,540	1,360	-	-	11,900
Drug and tobacco enforcement	57,571	-	-	-	-	57,571
Committed:						
Capital projects funds	-	-	-	34,348,197	4,527,699	38,875,896
Debt service funds	-	1,186,364	670,106	-	-	1,856,470
Special revenue funds	-	-	-	-	1,591,335	1,591,335
Unassigned	7,730,233	-	-	-	-	7,730,233
Total fund balances	<u>7,925,390</u>	<u>7,396,947</u>	<u>671,466</u>	<u>40,952,442</u>	<u>6,119,034</u>	<u>63,065,279</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,119,863</u>	<u>\$ 7,396,947</u>	<u>\$ 6,693,840</u>	<u>\$ 43,076,597</u>	<u>\$ 10,509,550</u>	<u>\$ 87,796,797</u>

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

Park City Municipal Corporation, Utah
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 63,065,279
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		279,139,070
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Taxes receivable	\$ 868,531	
Interest receivable	27,619	
Net pension asset	3,365	899,515
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		1,889,356
Certain items not accounted for as unavailable under accrual accounting.		1,359,973
Pollution remediation liability not reported in the funds.		(1,272,000)
Long-term liabilities, including bonds payable and net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year-end consist of:		
Compensated absences	(802,885)	
Revenue bonds	(48,015,000)	
General obligation bonds	(42,390,000)	
Deferred bond premiums and discounts	(6,872,199)	
Deferred gain on debt refunding	(217,783)	
Accrued interest on the bonds	(582,560)	
Net pension liability	(5,420,564)	(104,300,991)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	5,014,726	
Deferred inflows of resources related to pensions	(4,063,968)	950,758
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 241,730,960

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 Fiscal Year Ended June 30, 2018

	General	Debt Service - Sales Tax Revenue and Refunding	Debt Service - Park City General Obligation	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes and special assessments	\$ 27,071,434	\$ -	\$ 6,432,184	\$ 7,159,183	\$ 929,542	\$ 41,592,343
Licenses and permits	3,390,668	-	-	-	-	3,390,668
Intergovernmental	149,575	-	-	2,953,385	3,111,945	6,214,905
Charges for services	2,225,204	-	-	-	-	2,225,204
Fines and forfeitures	35,327	-	-	-	-	35,327
Investment income	256,814	195,670	1,729	604,765	63,878	1,122,856
Impact fees	-	-	-	432,381	-	432,381
Rental and other	1,435,524	-	53,766	1,007,073	-	2,496,363
Total revenues	34,564,546	195,670	6,487,679	12,156,787	4,105,365	57,510,047
Expenditures						
Current						
General government	16,235,727	-	-	-	-	16,235,727
Public safety	6,392,525	-	-	-	-	6,392,525
Public works	5,648,653	-	-	-	-	5,648,653
Library and recreation	4,237,835	-	-	-	-	4,237,835
Capital outlay	-	-	-	35,795,556	3,257,196	39,052,752
Economic development	-	-	-	-	870,588	870,588
Debt service						
Principal	-	3,680,000	4,945,000	-	-	8,625,000
Interest	-	1,351,082	1,475,934	-	-	2,827,016
Bond issuance costs	-	223,553	-	-	-	223,553
Total expenditures	32,514,740	5,254,635	6,420,934	35,795,556	4,127,784	84,113,649
(Deficiency) of revenues (under) expenditures	2,049,806	(5,058,965)	66,745	(23,638,769)	(22,419)	(26,603,602)
Other financing sources (uses)						
Debt issuance	-	31,940,000	-	-	-	31,940,000
Premium on debt issuance	-	3,287,871	-	-	-	3,287,871
Sale of capital assets	-	-	-	3,490,905	2,062,889	5,553,794
Transfers in	2,577,182	5,027,357	-	33,203,271	3,466,825	44,274,635
Transfers out	(4,258,549)	(30,203,248)	-	(3,352,716)	(3,907,940)	(41,722,453)
Total other financing sources (uses)	(1,681,367)	10,051,980	-	33,341,460	1,621,774	43,333,847
Change in fund balances	368,439	4,993,015	66,745	9,702,691	1,599,355	16,730,245
Fund balances - beginning	7,556,951	2,403,932	604,721	31,249,751	4,519,679	46,335,034
Fund balances - ending	\$ 7,925,390	\$ 7,396,947	\$ 671,466	\$ 40,952,442	\$ 6,119,034	\$ 63,065,279

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 Fiscal Year Ended June 30, 2018

Change in fund balances—total governmental funds \$ 16,730,245

Amounts reported for *governmental activities* in the statement of activities are different because:

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.

Capital outlay	\$ 37,189,574	
Depreciation expense	<u>(6,373,096)</u>	30,816,478

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. (6,928,715)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Donated capital assets	6,087,000	
Taxes receivable	(2,760)	
Interest receivable	(487)	
Unavailable revenue	<u>(557,035)</u>	5,526,718

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Premiums and discounts associated with the issuance of debt are reported as other financing sources (uses) in the governmental funds, but in the statement of activities they are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position.

Issuance of long-term debt	(31,940,000)	
Principal repayments on long-term debt	8,625,000	
Capitalization of premiums and discounts	(3,287,871)	
Amortization of bond premiums and discounts	<u>630,876</u>	(25,971,995)

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. (344,583)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	2,291,926	
Actuarial calculated pension expense	<u>(2,610,901)</u>	(318,975)

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 \$411,391 less amount allocated to business-type activities of \$156,260 and reversal of prior year allocation of (\$15,458). 238,457

Change in net position of governmental activities \$ 19,747,630

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

Park City Municipal Corporation, Utah
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<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	\$ 10,893,035	\$ 10,153,755	\$ 9,844,538	\$ (309,217)
Delinquent taxes	597,000	597,000	831,134	234,134
General sales and use taxes	5,715,214	8,546,000	5,915,331	(2,630,669)
Franchise taxes	3,351,000	3,258,000	3,147,847	(110,153)
Resort taxes	5,342,231	5,049,000	7,332,584	2,283,584
Licenses and permits				
Business licenses	504,000	503,000	431,744	(71,256)
Building permits	1,470,000	1,734,000	1,788,275	54,275
Plan application fees	182,000	222,000	138,399	(83,601)
Building fees	743,000	866,000	973,279	107,279
Other	133,200	109,000	58,971	(50,029)
Intergovernmental				
Federal contribution	33,000	86,000	69,637	(16,363)
State liquor allotment	43,000	76,000	59,018	(16,982)
State contributions	60,000	15,800	3,920	(11,880)
County contributions	2,000	21,000	17,000	(4,000)
Charges for services				
Recreational service fees	2,217,500	2,153,000	2,138,548	(14,452)
Reimbursable services	90,000	81,000	57,470	(23,530)
Cemetery fees and plot sales	21,900	34,000	27,480	(6,520)
Miscellaneous services	1,500	2,000	1,706	(294)
Fines and forfeitures	15,000	29,000	35,327	6,327
Miscellaneous	912,500	1,302,237	1,435,524	133,287
Investment income	77,800	137,000	256,814	119,814
Total revenues	<u>32,404,880</u>	<u>34,974,792</u>	<u>34,564,546</u>	<u>(410,246)</u>
Expenditures:				
General government	16,057,284	17,161,607	16,235,727	925,880
Public safety	6,291,945	6,562,488	6,392,525	169,963
Public works	5,874,784	5,768,034	5,648,653	119,381
Library and recreation	4,229,526	4,359,515	4,237,835	121,680
Total expenditures	<u>32,453,539</u>	<u>33,851,644</u>	<u>32,514,740</u>	<u>1,336,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,659)</u>	<u>1,123,148</u>	<u>2,049,806</u>	<u>926,658</u>
Other financing sources (uses)				
Transfers in	2,577,182	2,577,182	2,577,182	-
Transfers out	(1,258,526)	(4,258,549)	(4,258,549)	-
Total other financing sources (uses)	<u>1,318,656</u>	<u>(1,681,367)</u>	<u>(1,681,367)</u>	<u>-</u>
Change in fund balance	1,269,997	(558,219)	368,439	926,658
Fund balance - beginning	7,034,969	7,488,866	7,556,951	68,085
Fund balance - ending	<u>\$ 8,304,966</u>	<u>\$ 6,930,647</u>	<u>\$ 7,925,390</u>	<u>\$ 994,743</u>

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

PROPRIETARY FUNDS

Major Funds

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

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

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

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

Park City Municipal Corporation, Utah
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Fund	Stormwater Fund	Transportation and Parking Fund	Golf Course Fund	Total Enterprise Funds	
Assets						
Current assets:						
Cash, cash equivalents and investments	\$ 5,564,832	\$ 509,480	\$ 7,552,217	\$ 637,749	\$ 14,264,278	\$ 2,528,334
Restricted cash and cash equivalents, fiscal agent	5,186,969	-	-	-	5,186,969	-
Taxes receivable	-	-	538,782	-	538,782	-
Accounts receivable	2,463,046	143,843	5,380,480	-	7,987,369	97,263
Inventories	392,398	-	8,500	99,179	500,077	243,570
Prepays	-	-	1,263,338	162	1,263,500	-
Total current assets	<u>13,607,245</u>	<u>653,323</u>	<u>14,743,317</u>	<u>737,090</u>	<u>29,740,975</u>	<u>2,869,167</u>
Noncurrent assets:						
Capital assets:						
Land and water rights	17,693,589	-	3,723,149	828,451	22,245,189	-
Buildings	480,000	-	20,909,159	1,671,487	23,060,646	-
Improvements other than buildings	87,414,999	15,410,296	6,891,237	1,728,630	111,445,162	-
Art	-	-	109,214	-	109,214	-
Vehicles and equipment	9,531,190	417,335	21,119,123	1,523,153	32,590,801	47,450
Construction in progress	13,596,744	-	586,034	-	14,182,778	-
Intangible	27,810	-	58,645	-	86,455	-
Accumulated depreciation and amortization	(41,991,498)	(7,850,851)	(17,027,190)	(3,236,388)	(70,105,927)	(47,450)
Total capital assets (net of accumulated depreciation and amortization)	<u>86,752,834</u>	<u>7,976,780</u>	<u>36,369,371</u>	<u>2,515,333</u>	<u>133,614,318</u>	<u>-</u>
Total assets	<u>100,360,079</u>	<u>8,630,103</u>	<u>51,112,688</u>	<u>3,252,423</u>	<u>163,355,293</u>	<u>2,869,167</u>
Deferred outflows of resources related to pensions						
	<u>658,736</u>	<u>144,831</u>	<u>1,134,911</u>	<u>112,833</u>	<u>2,051,311</u>	<u>269,680</u>
Liabilities						
Current liabilities:						
Accounts payable	1,948,021	19,444	786,397	117,121	2,870,983	423,915
Accrued liabilities	112,253	6,353	100,045	23,297	241,948	10,426
Current portion of long-term debt						
Interfund loan	-	-	-	32,377	32,377	-
Compensated absences	61,106	9,983	93,283	7,251	171,623	11,232
Revenue bonds	3,255,000	-	-	-	3,255,000	-
Total current liabilities	<u>5,376,380</u>	<u>35,780</u>	<u>979,725</u>	<u>180,046</u>	<u>6,571,931</u>	<u>445,573</u>
Noncurrent liabilities:						
Interfund loan	-	-	-	54,490	54,490	-
Compensated absences	38,989	17,845	104,236	18,246	179,316	60,040
Revenue bonds	32,164,397	-	-	-	32,164,397	-
Net pension liability	717,227	142,810	1,119,337	107,932	2,087,306	272,364
Total noncurrent liabilities	<u>32,920,613</u>	<u>160,655</u>	<u>1,223,573</u>	<u>180,668</u>	<u>34,485,509</u>	<u>332,404</u>
Total liabilities	<u>38,296,993</u>	<u>196,435</u>	<u>2,203,298</u>	<u>360,714</u>	<u>41,057,440</u>	<u>777,977</u>
Deferred inflows of resources related to pensions						
	<u>552,361</u>	<u>148,821</u>	<u>804,429</u>	<u>137,649</u>	<u>1,643,260</u>	<u>318,594</u>
Net Position						
Net investment in capital assets	57,395,272	7,976,780	36,369,371	2,515,333	104,256,756	-
Restricted for debt service	5,186,969	-	-	-	5,186,969	-
Unrestricted	(412,780)	452,898	12,870,501	351,560	13,262,179	2,042,276
Total net position	<u>\$ 62,169,461</u>	<u>\$ 8,429,678</u>	<u>\$ 49,239,872</u>	<u>\$ 2,866,893</u>	<u>\$ 122,705,904</u>	<u>\$ 2,042,276</u>

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

Park City Municipal Corporation, Utah
Reconciliation of the Statement of Net Position of the Proprietary Funds
to the Statement of Net Position
June 30, 2018

TOTAL NET POSITION - PROPRIETARY FUNDS \$ 122,705,904

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

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

152,920

Total net position - business-type activities

\$ 122,858,824

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

Park City Municipal Corporation, Utah
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Business-type Activities-Enterprise Funds				Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Fund	Stormwater Fund	Transportation and Parking Fund	Golf Course Fund		
Operating revenues						
Charges for services	\$ 17,924,616	\$ 1,277,767	\$ 9,789,087	\$ 1,203,560	\$ 30,195,030	\$ 3,725,556
Miscellaneous	-	-	-	308,748	308,748	-
Total operating revenues	<u>17,924,616</u>	<u>1,277,767</u>	<u>9,789,087</u>	<u>1,512,308</u>	<u>30,503,778</u>	<u>3,725,556</u>
Operating expenses						
Salaries and benefits	2,807,730	590,138	8,582,001	772,392	12,752,261	979,286
Supplies, maintenance and services	4,243,306	99,788	6,512,207	580,987	11,436,288	1,509,853
Energy and utilities	956,097	28,180	903,334	60,108	1,947,719	829,582
Depreciation and amortization	3,446,940	153,452	2,639,670	223,764	6,463,826	-
Total operating expenses	<u>11,454,073</u>	<u>871,558</u>	<u>18,637,212</u>	<u>1,637,251</u>	<u>32,600,094</u>	<u>3,318,721</u>
Operating income (loss)	<u>6,470,543</u>	<u>406,209</u>	<u>(8,848,125)</u>	<u>(124,943)</u>	<u>(2,096,316)</u>	<u>406,835</u>
Nonoperating revenues (expenses)						
Intergovernmental	-	-	379,071	-	379,071	-
Transit and resort sales tax	-	-	5,617,865	-	5,617,865	-
Investment income	208,887	6,481	148,002	9,257	372,627	-
Interest expense	(1,130,644)	-	-	(1,810)	(1,132,454)	-
Miscellaneous	166,273	-	-	-	166,273	-
Gain on sale of capital assets	7,088	-	11,345	-	18,433	-
Total nonoperating revenues (expenses)	<u>(748,396)</u>	<u>6,481</u>	<u>6,156,283</u>	<u>7,447</u>	<u>5,421,815</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>5,722,147</u>	<u>412,690</u>	<u>(2,691,842)</u>	<u>(117,496)</u>	<u>3,325,499</u>	<u>406,835</u>
Capital contributions	1,255,340	-	3,112,354	-	4,367,694	-
Transfers in	-	-	-	25,000	25,000	-
Transfers out	(1,493,450)	(50,000)	(931,966)	(101,766)	(2,577,182)	-
Change in net position	<u>5,484,037</u>	<u>362,690</u>	<u>(511,454)</u>	<u>(194,262)</u>	<u>5,141,011</u>	<u>406,835</u>
Net position - beginning	56,884,665	8,066,988	49,762,018	3,061,155	117,774,826	1,795,720
Adjustment	(199,241)	-	(10,692)	-	(209,933)	(160,279)
Net position - beginning, as adjusted	<u>56,685,424</u>	<u>8,066,988</u>	<u>49,751,326</u>	<u>3,061,155</u>	<u>117,564,893</u>	<u>1,635,441</u>
Net position - ending	<u>\$ 62,169,461</u>	<u>\$ 8,429,678</u>	<u>\$ 49,239,872</u>	<u>\$ 2,866,893</u>	<u>\$ 122,705,904</u>	<u>\$ 2,042,276</u>

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

Park City Municipal Corporation, Utah
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position
to the Statement of Activities
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

CHANGE IN NET POSITION - PROPRIETARY FUNDS \$ 5,141,011

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 \$411,391 less amount allocated to governmental activities of \$255,131 and reversal of prior year allocation of \$15,458. 168,378

Change in net position of business-type activities \$ 5,309,389

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 Fiscal Year Ended June 30, 2018

	<u>Business-type Activities-Enterprise Funds</u>					Governmental Activities- Internal Service Funds
	<u>Water Fund</u>	<u>Stormwater 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	\$ 16,936,414	\$ 1,250,136	\$ 8,054,341	\$ 1,514,308	\$ 27,755,199	\$ 3,731,287
Payments to suppliers	(4,933,981)	(122,191)	(12,708,389)	(611,331)	(18,375,892)	(2,552,050)
Payments to employees	(2,881,527)	(626,845)	(8,472,028)	(791,451)	(12,771,851)	(1,004,959)
Net cash provided by (used in) operating activities	<u>9,120,906</u>	<u>501,100</u>	<u>(13,126,076)</u>	<u>111,526</u>	<u>(3,392,544)</u>	<u>174,278</u>
Cash flows from noncapital financing activities						
Transfers from other funds	-	-	-	25,000	25,000	-
Transfers to other funds	(778,450)	(50,000)	(931,966)	(101,766)	(1,862,182)	-
Transit and resort sales tax	-	-	5,493,726	-	5,493,726	-
Net cash provided by (used in) noncapital financing activities	<u>(778,450)</u>	<u>(50,000)</u>	<u>4,561,760</u>	<u>(76,766)</u>	<u>3,656,544</u>	<u>-</u>
Cash flows from capital and related financing activities						
Impact fees, contributions and grants	1,255,340	-	9,203,169	-	10,458,509	-
Acquisition and construction of capital assets	(9,097,715)	(54,379)	(7,852,379)	(12,800)	(17,017,273)	-
Principal paid on capital debt and interfund loan	(3,115,000)	-	-	(30,566)	(3,145,566)	-
Interest paid on capital debt and interfund loan	(1,394,003)	-	-	(1,811)	(1,395,814)	-
Proceeds from sales of capital assets	-	-	11,345	-	11,345	-
Federal subsidy on capital debt	166,274	-	-	-	166,274	-
Net cash (used in) capital and related financing activities	<u>(12,185,104)</u>	<u>(54,379)</u>	<u>1,362,135</u>	<u>(45,177)</u>	<u>(10,922,525)</u>	<u>-</u>
Cash flows from investing activities						
Interest received on investments	209,485	6,364	149,087	9,234	374,170	-
Net cash provided by investing activities	<u>209,485</u>	<u>6,364</u>	<u>149,087</u>	<u>9,234</u>	<u>374,170</u>	<u>-</u>
Net increase (decrease) in cash, cash equivalents	<u>(3,633,163)</u>	<u>403,085</u>	<u>(7,053,094)</u>	<u>(1,183)</u>	<u>(10,284,355)</u>	<u>174,278</u>
Balances—beginning of the year	<u>14,384,964</u>	<u>106,395</u>	<u>14,605,311</u>	<u>638,932</u>	<u>29,735,602</u>	<u>2,354,056</u>
Balances—end of the year	<u>\$ 10,751,801</u>	<u>\$ 509,480</u>	<u>\$ 7,552,217</u>	<u>\$ 637,749</u>	<u>\$ 19,451,247</u>	<u>\$ 2,528,334</u>
Reconciliation to statement of net assets:						
Cash, cash equivalents	\$ 5,564,832	\$ 509,480	\$ 7,552,217	\$ 637,749	\$ 14,264,278	\$ 2,528,334
Cash, cash equivalents held by fiscal agent	5,186,969	-	-	-	5,186,969	-
Total cash, cash equivalents	<u>\$ 10,751,801</u>	<u>\$ 509,480</u>	<u>\$ 7,552,217</u>	<u>\$ 637,749</u>	<u>\$ 19,451,247</u>	<u>\$ 2,528,334</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 6,470,543	\$ 406,209	\$ (8,848,125)	\$ (124,943)	\$ (2,096,316)	\$ 406,835
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	3,446,940	153,452	2,639,670	223,764	6,463,826	-
Non-cash water interfund transfer to general fund	(715,000)	-	-	-	(715,000)	-
Change in assets and liabilities:						
Receivables, net	(273,202)	(27,631)	(1,734,746)	2,000	(2,033,579)	5,731
Inventories	(71,261)	-	13,063	(8,331)	(66,529)	(51,290)
Accounts and other payables	352,107	(2,229)	(5,335,040)	41,259	(4,943,903)	(164,143)
Accrued expenses	(89,221)	(28,701)	139,102	(22,223)	(1,043)	(22,855)
Net cash provided by (used in) operating activities	<u>\$ 9,120,906</u>	<u>\$ 501,100</u>	<u>\$ (13,126,076)</u>	<u>\$ 111,526</u>	<u>\$ (3,392,544)</u>	<u>\$ 174,278</u>

Noncash investing, capital and financing activities:

Included in investment income is an increase of \$33,782 in fair value for the year ended June 30, 2018.

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

FIDUCIARY FUND

Custodial Fund - Used to hold deposits and performance bonds from individuals, organizations and other governments.

Park City Municipal Corporation, Utah
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Custodial Funds</u>
ASSETS	
Cash, cash equivalents and investments	\$ 2,368,500
Total assets	<u><u>\$ 2,368,500</u></u>
LIABILITIES	
Accounts payable and other liabilities	-
Total liabilities	<u><u>\$ -</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	2,368,500
Total net position	<u><u>\$ 2,368,500</u></u>

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

Park City Municipal Corporation, Utah
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

	Custodial Funds
ADDITIONS	
Contributions from individuals, organizations, and other governments	\$ 808,988
Total additions	808,988
DEDUCTIONS	
Refunds to individuals, organizations, and other governments	497,642
Total deductions	497,642
Net increase (decrease) in fiduciary net position	311,346
Net position - beginning	2,057,154
Net position - ending	\$ 2,368,500

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, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. General Information

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

2. Reporting Entity

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

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

Included in this report are the following blended component units:

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

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The Park City Water Service District (WSD) governing board is comprised of the same individuals as the City Council and was created to furnish municipal water service within the boundaries of the District. The City has accountability for all fiscal and operating activities of the WSD.

3. Government-wide and Fund Financial Statements

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

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

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

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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 83-84 of this report.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Custodial Funds are used to account for the assets held by the City as a fiduciary activity. Custodial funds do not involve measurement of results of operations. The City currently has one custodial fund. The Park City Custodial Fund is used to hold deposits and performance bonds.

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

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

Cash, Cash Equivalents and Investments - Cash and investment management in the City is administered by the City Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah Code (see Note B on pages 52-56 of this report). The City complies with GASB 72, *Fair Value Measurement and Application*. The statement requires certain investments to be reported at fair value and the change in fair value to be recognized as an increase or decrease to investment assets and investment income. The City's investment in the State Treasurer's Pool has a fair value approximately equal to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Donated capital assets, donated works of art and similar items are recorded at acquisition value at the date of donation.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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	20-75
Public domain infrastructure	20-30
System infrastructure	20-30
Vehicles, equipment and intangibles	3-25

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

Long-term Obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts and gains and losses on bond refunding, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains and losses on bond refunding are reported as deferred inflows and outflows. Bond issuance costs are expensed in the period in which they are incurred. The unamortized bond premiums/discounts at June 30, 2018 for governmental activities were \$6,872,199 and \$969,397 for business-type activities and proprietary funds. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

Fund Balance – Fund balances presented in the governmental fund financial statements represent the difference between assets and liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The City evaluated each of its funds at June 30, 2018 and classified fund balances into the following five categories:

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

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

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

Restricted Assets - Certain proceeds of the City's Water Revenue and Refunding Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the proprietary funds' statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "reserve fund" account with a balance at June 30, 2018 of \$5,186,969 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

Proceeds of the City's 2004 and 2013A Series General Obligation Bonds in the amount of \$4,961,792 are classified as restricted assets as well as impact fees of \$1,430,759 and B and C road funds of \$211,694. Bond proceeds are restricted to acquiring and preserving undeveloped park and recreational land and to acquire, construct, improve and modify pathways, roads and related improvements for use by pedestrians and cyclists. The "reserve fund" account with a balance at June 30, 2018 of \$1,360 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Proceeds of the City's 2015 and 2017 Sales Tax Revenue Bonds are classified as restricted assets on the governmental funds balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "construction fund" account with a balance at June 30, 2018 of \$6,200,043 is used to report those proceeds of revenue bond issuances that are restricted for the purpose of financing the cost associated with improvements and acquisition of open space. The "reserve fund" account with a balance at June 30, 2018 of \$10,540 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 22, the City Council reviews and adjusts the City Manager's proposed budget. On or before June 22, a public hearing is held and the budget is legally adopted through passage of an ordinance. Budgets are adopted below individual department levels, but control of budget appropriations is exercised, under state law, at the department level (General Government, Public Safety, Public Works and Library and Recreation).

After the budget is adopted, transfers of any unexpended appropriation amount between line items within a major category are to be initiated and approved by each respective department. Transfers between major categories and between programs within the same department and fund are to be initiated by the respective departments and approved by the City Manager. Transfers between capital improvement projects within the same fund are to be initiated by the individual designated as responsible for the project and approved by the City Manager. Transfers that will result in a total change in the appropriation for a project of more than 20.0 percent or if a project would be eliminated by the transfer must be approved by the City Council. The City Council may reduce or increase the budget of any fund by ordinance during the budget year. The City Council must hold a public hearing to increase a fund's budget before it can pass the ordinance. Utah State law prohibits the appropriation of unassigned general fund balance until it exceeds the sum of 5.0 percent of the budgeted general fund revenues. Until unassigned fund balance is greater than the above amount, it cannot be budgeted but is used to provide working capital until tax revenue is received, meet emergency expenditures and cover unanticipated deficits.

When the unassigned fund balance is greater than 25.0 percent of actual 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 \$1,398,105 under the guidelines described above. The supplemental appropriation was due to personnel expense increases.

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 custodial 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, 2018

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 yearend. Major capital project fund budgets included \$34,348,197 and non-major capital project fund budgets included \$4,527,699 for a total of \$38,875,896 of prior-year unexpended capital projects appropriations. The adjusted capital projects fund budget represents the amount available for expenditures in the current year. Future projects and appropriations that are to come from funds available in future years are not reflected in the current year budget.

7. Implementation of New GASB Pronouncements

In November 2016 the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes standards of accounting and financial reporting for certain asset retirement obligations (AROs). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. Statement No. 83 is effective for reporting periods beginning after June 15, 2018. The City is currently evaluating the impact of this Statement on the financial statements when implemented.

In January 2017 the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 is effective for periods beginning after December 15, 2019. The City adopted GASB No. 84 for the fiscal year ended June 30, 2018. Implementation of this Statement did not have a significant impact on the City's financial statements.

In March 2017 the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Implementation of this Statement did not have a significant impact on the City's financial statements.

In May 2017 the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishment of debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Implementation of this Statement had no effect on the City's financial statements.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

In June 2017 the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. The City is currently evaluating the impact of this Statement on the financial statements when implemented.

In March 2018 the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City adopted GASB No. 88 for the fiscal year ended June 30, 2018. Implementation of this Statement had no effect on the City's financial statements.

In June 2018 the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of Statement No. 89 are effective for periods beginning after December 15, 2019. The City adopted GASB No. 89 for the fiscal year ended June 30, 2018. Implementation of this Statement did not have a significant impact on the City's financial statements.

In August 2018 the GASB issued Statement No. 90, *Majority Equity Interests*. This Statement addresses the reporting of a majority equity interest in a legally separate organization that requires that such majority equity interest be reported as an investment. The requirements of this Statement are effective for periods beginning after December 15, 2018. The City adopted GASB No. 90 for the fiscal year ended June 30, 2018. Implementation of this Statement had no effect on the City's financial statements.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Each fund type's portion of this pool is displayed on the basic financial statements as "cash, cash equivalents and investments". Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with original maturities of three months or less meet this definition. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund. The following is a summary of cash, cash equivalents and investments at June 30, 2018:

	Government-Wide Statement of Net Position			Fund Financials	
	Governmental Activities	Business-Type Activities	Total	Fiduciary Fund Statement of Net Position	Total
Held by city-unrestricted	\$ 52,370,923	\$ 14,264,278	\$ 66,635,201	\$ 2,368,500	\$ 69,003,701
Held by city-restricted	6,604,245	-	6,604,245	-	6,604,245
Total held by city	<u>\$ 58,975,168</u>	<u>\$ 14,264,278</u>	<u>\$ 73,239,446</u>	<u>\$ 2,368,500</u>	<u>\$ 75,607,946</u>
Held by fiscal agent	<u>\$ 6,211,943</u>	<u>\$ 5,186,969</u>	<u>\$ 11,398,912</u>	<u>\$ -</u>	<u>\$ 11,398,912</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

As of June 30, 2018, the City had the following deposits and investments, including \$2,368,500 held in a custodial capacity for others:

Held by city:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investments maturities</u>	
		<u>1 year or less</u>	<u>1-5 years</u>
Debt securities			
Federal National Mortgage Association	\$ 790,115	\$ 443,044	\$ 347,071
Federal Home Loan Mortgage Corporation	2,045,143	1,895,644	149,499
Federal Home Loan Bank	242,178	242,178	-
Corporate Bonds	2,237,164	934,065	1,303,099
	<u>5,314,600</u>	<u>\$ 3,514,931</u>	<u>\$ 1,799,669</u>
Other investments			
State treasurer's investment pool	<u>68,591,250</u>	<u>\$ 68,591,250</u>	
Total investments	<u>73,905,850</u>		

Deposits

Cash deposits checking-net of outstanding checks	967,970
Cash deposits money market/savings	724,406
Cash on hand	<u>9,720</u>
Total deposits	<u>1,702,096</u>
Total cash, cash equivalents and investments held by city	<u>75,607,946</u>

Held by fiscal agent:

State treasurer's investment pool	<u>11,398,912</u>
Total cash, cash equivalents and investments	<u>\$ 87,006,858</u>

Deposits – State law requires that City deposits be with a “qualified depository” as defined by the Utah Money Management Act (UMMA). “Qualified depository” includes any depository institution that has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

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, 2018, the City’s deposits had a carrying value of \$1,692,376 and a bank balance of \$2,066,820. Of the above bank balance, \$250,000 was covered by federal depository insurance. The City does not have a deposit policy for custodial credit risk. However, Utah State law does not require deposits to be insured or collateralized.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

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

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

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

At June 30, 2018 the City had the following recurring fair value measurements.

	<u>Fair Value Measurements Using</u>			
	<u>June 30, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Investments by fair value level</u>				
Debt securities				
Federal National Mortgage Association	\$ 790,115	\$ 790,115	\$ -	\$ -
Federal Home Loan Mortgage Corporation	2,045,143	2,045,143	-	-
Federal Home Loan Bank	242,178	242,178	-	-
Corporate Bonds	2,237,164	2,237,164	-	-
Utah Public Treasurers' Investment Fund	68,591,250	-	68,591,250	-
Total debt securities	<u>\$ 73,905,850</u>	<u>\$ 5,314,600</u>	<u>\$ 68,591,250</u>	<u>\$ -</u>

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. The Utah Public Treasurers’ Investment Fund classified in Level 2 is valued by application of the June 30, 2018 fair value factor, as calculated by the Utah State Treasurer, to the City’s average daily balance in the Fund.

Custodial Credit Risk for an investment is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: (1) The counterparty or (2) The counterparty’s trust department or agent but not in the government’s name. For investments in U.S. government agencies and corporate bonds with combined fair value of \$5,314,600 at June 30, 2018, the City uses a qualified depository bank for safekeeping securities

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

for the purpose of settling investment transactions, safekeeping, and collecting those investments. These investments are held by the investment’s counterparty, not in the name of the City but are supported by a safekeeping receipt issued by the City’s bank. The City does not have an investment policy for custodial credit risk.

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

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s investment policy, in compliance with the UMMA limits investments to the following: (1) Negotiable or nonnegotiable deposits of qualified depositories (see definition of qualified depository under “deposits” above). (2) Repurchase agreements with qualified depositories or primary reporting dealers only if these securities are delivered to the custody of the City Treasurer or the City’s safekeeping bank or are conducted with a qualified depository. (3) Commercial paper which is classified as "first tier" by two nationally recognized statistical rating organizations. (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. (8) Tax anticipation and general obligation bonds of the state or a county, an incorporated city or town, a school district or other political subdivision of the State of Utah.

The City’s rated debt investments as of June 30, 2018, are shown in the table below:

	Fair Value	Quality Ratings		
		AAA	AA	A
<u>Primary government:</u>				
Debt securities				
Federal National Mortgage Association	\$ 790,115	\$ 790,115	\$ -	\$ -
Federal Home Loan Mortgage Corporation	2,045,143	2,045,143	-	-
Federal Home Loan Bank	242,178	242,178	-	-
Corporate Bonds	2,237,164	-	852,338	1,384,826

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

Auditor. Pool deposits are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy authorizes investments to be made in accordance with the UMMA and further specifies that with the exception of U.S. Treasury securities and authorized pools, no more than 50.0 percent of the City's total investment portfolio will be invested in a single security type. None of the City's investments exceed this limit.

NOTE C – NOTES RECEIVABLE

Notes receivable of the governmental fund types at June 30, 2018 include various affordable housing and employee mortgage assistance loans with interest rates ranging from 0% to 5.0%. The following is a schedule of future principal and interest payments required under the terms of the notes receivable as of June 30, 2018:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	749,703	1,365	751,068
2020	504,944	1,124	506,068
2021	5,197	871	6,068
2022	5,463	605	6,068
2023	3,348	364	3,712
2024 - 2032	4,451	264	4,715
Total	\$ <u>1,273,106</u>	\$ <u>4,593</u>	\$ <u>1,277,699</u>

NOTE D – CAPITAL ASSETS

Depreciation expense was charged to functions for the year ended June 30, 2018 as follows:

Governmental activities:	
General government	\$ 2,955,602
Public safety	350,514
Public works	1,563,182
Library and recreation	1,503,798
Total governmental activities depreciation expense	\$ <u>6,373,096</u>
 Business-type activities:	
Water	\$ 3,446,941
Stormwater	153,452
Transportation and parking	2,639,669
Golf course	223,764
Total business-type activities depreciation expense	\$ <u>6,463,826</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE D – CAPITAL ASSETS, Continued

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017*	Additions	Deletions	Balance June 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land and water rights	\$ 155,782,778	\$ 24,292,978	\$ (2,250,375)	\$ 177,825,381
Construction in progress	5,587,187	9,721,758	(1,488,060)	13,820,885
Art	718,619	11,500	-	730,119
Total capital assets, not being depreciated	<u>162,088,584</u>	<u>34,026,236</u>	<u>(3,738,435)</u>	<u>192,376,385</u>
Capital assets, being depreciated:				
Buildings	43,331,026	6,483,193	(4,530,461)	45,283,758
Improvements other than building	41,091,811	349,976	-	41,441,787
Vehicles and equipment	12,800,980	1,179,258	(583,148)	13,397,090
Infrastructure	114,624,638	23,975	-	114,648,613
Intangibles	5,902,535	2,701,996	-	8,604,531
Total capital assets, being depreciated	<u>217,750,990</u>	<u>10,738,398</u>	<u>(5,113,609)</u>	<u>223,375,779</u>
Less accumulated depreciation for:				
Buildings	(13,749,488)	(1,265,846)	5,295	(15,010,039)
Improvements other than building	(20,298,789)	(1,335,528)	-	(21,634,317)
Vehicles and equipment	(7,330,455)	(1,221,626)	429,974	(8,122,107)
Infrastructure	(88,964,213)	(2,523,053)	-	(91,487,266)
Intangibles	(332,322)	(27,043)	-	(359,365)
Total accumulated depreciation	<u>(130,675,267)</u>	<u>(6,373,096)</u>	<u>435,269</u>	<u>(136,613,094)</u>
Total capital assets, being depreciated, net	<u>87,075,723</u>	<u>4,365,302</u>	<u>(4,678,340)</u>	<u>86,762,685</u>
Governmental activities capital assets, net	<u>\$ 249,164,307</u>	<u>\$ 38,391,538</u>	<u>\$ (8,416,775)</u>	<u>\$ 279,139,070</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land and water rights	\$ 22,245,189	\$ -	\$ -	\$ 22,245,189
Construction in progress	6,686,007	8,782,756	(1,285,985)	14,182,778
Art	109,214	-	-	109,214
Total capital assets, not being depreciated	<u>29,040,410</u>	<u>8,782,756</u>	<u>(1,285,985)</u>	<u>36,537,181</u>
Capital assets, being depreciated:				
Buildings	20,738,202	2,322,444	-	23,060,646
Improvements other than building	107,105,642	4,339,520	-	111,445,162
Vehicles and equipment	30,890,432	2,891,272	(1,190,903)	32,590,801
Intangibles	86,455	-	-	86,455
Total capital assets, being depreciated	<u>158,820,731</u>	<u>9,553,236</u>	<u>(1,190,903)</u>	<u>167,183,064</u>
Less accumulated depreciation for:				
Buildings	(6,561,250)	(617,352)	-	(7,178,602)
Improvements other than building	(45,624,128)	(3,148,002)	-	(48,772,130)
Vehicles and equipment	(12,451,253)	(2,686,450)	1,042,388	(14,095,315)
Intangibles	(47,858)	(12,022)	-	(59,880)
Total accumulated depreciation	<u>(64,684,489)</u>	<u>(6,463,826)</u>	<u>1,042,388</u>	<u>(70,105,927)</u>
Total capital assets, being depreciated, net	<u>94,136,242</u>	<u>3,089,410</u>	<u>(148,515)</u>	<u>97,077,137</u>
Business-type activities capital assets, net	<u>\$ 123,176,652</u>	<u>\$ 11,872,166</u>	<u>\$ (1,434,500)</u>	<u>\$ 133,614,318</u>

*Beginning Balance restated, see Note R.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2018:

	Beginning Balance July 1, 2017	Additions	Reductions	Amortization	Ending Balance June 30, 2018	Due Within One Year
Governmental activities:						
General obligation bonds:						
2008 series-principal	\$ 5,345,000	\$ -	\$ (670,000)	\$ -	\$ 4,675,000	\$ 695,000
2008 series-premium/discount	26,074	-	-	(3,810)	22,264	-
2009 series-principal	6,195,000	-	(795,000)	-	5,400,000	820,000
2009 series-premium/discount	85,996	-	-	(12,561)	73,435	-
2010B series-principal	3,455,000	-	(390,000)	-	3,065,000	400,000
2010B series-premium	46,901	-	-	(5,977)	40,924	-
2013A series-principal	5,520,000	-	(430,000)	-	5,090,000	440,000
2013A series-premium	68,523	-	-	(6,318)	62,205	-
2013B series-principal	400,000	-	(400,000)	-	-	-
2013B series-premium	9,100	-	-	(9,100)	-	-
2014 series-principal	1,420,000	-	(695,000)	-	725,000	725,000
2014 series-premium	63,469	-	-	(34,526)	28,943	-
2017 series-principal	25,000,000	-	(1,565,000)	-	23,435,000	1,280,000
2017 series-premium	2,850,859	-	-	(195,264)	2,655,595	-
Total general obligation bonds	50,485,922	-	(4,945,000)	(267,556)	45,273,366	4,360,000
Revenue bonds:						
Sales tax revenue bonds						
2014A refunding-principal	4,025,000	-	(950,000)	-	3,075,000	985,000
2014A refunding-premium	304,166	-	-	(76,725)	227,441	-
2014B series-principal	5,375,000	-	-	-	5,375,000	-
2014B series-premium	134,547	-	-	(11,241)	123,306	-
2015 series-principal	10,355,000	-	(655,000)	-	9,700,000	665,000
2015 series-premium	521,680	-	-	(40,222)	481,458	-
2017 series-principal	-	31,940,000	(2,075,000)	-	29,865,000	1,590,000
2017 series-premium	-	3,287,871	-	(131,243)	3,156,628	-
Total revenue bonds	20,715,393	35,227,871	(3,680,000)	(259,431)	52,003,833	3,240,000
Compensated absences	871,088	610,744	(607,675)	-	874,157	353,697
Total governmental activities	\$ 72,072,403	\$ 35,838,615	\$ (9,232,675)	\$ (526,987)	\$ 98,151,356	\$ 7,953,697

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

	Beginning Balance July 1, 2017	Additions	Reductions	Amortization	Ending Balance June 30, 2018	Due Within One Year
Business-type activities:						
2009A water revenue	\$ 1,625,000	\$ -	\$ (125,000)	\$ -	\$ 1,500,000	\$ 125,000
2009B water revenue refunding	3,530,000	-	(1,720,000)	-	1,810,000	1,810,000
2009B water revenue-premium	300,503	-	-	(152,977)	147,526	-
2009C water revenue	10,135,000	-	-	-	10,135,000	-
2010 water revenue	7,430,000	-	(790,000)	-	6,640,000	825,000
2010 water revenue-premium	446,075	-	-	(59,705)	386,370	-
2012 water revenue	3,015,000	-	(255,000)	-	2,760,000	265,000
2012 water revenue-premium	207,440	-	-	(20,812)	186,628	-
2012B water revenue refunding	5,525,000	-	-	-	5,525,000	-
2012B water revenue-premium	86,313	-	-	(8,245)	78,068	-
2013A water revenue refunding	2,190,000	-	(225,000)	-	1,965,000	230,000
2013A water revenue-premium	24,781	-	-	(2,926)	21,855	-
2014 water revenue	4,115,000	-	-	-	4,115,000	-
2014 water revenue-premium	167,645	-	-	(18,695)	148,950	-
Total revenue bonds	<u>38,797,757</u>	<u>-</u>	<u>(3,115,000)</u>	<u>(263,360)</u>	<u>35,419,397</u>	<u>3,255,000</u>
Compensated absences	<u>333,751</u>	<u>275,645</u>	<u>(258,457)</u>	<u>-</u>	<u>350,939</u>	<u>229,698</u>
Total business-type activities	<u>\$ 39,131,508</u>	<u>\$ 275,645</u>	<u>\$ (3,373,457)</u>	<u>\$ (263,360)</u>	<u>\$ 35,770,336</u>	<u>\$ 3,484,698</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At yearend \$71,272 of internal service fund compensated absences are included in the above amounts. Also, for the governmental activities compensated absences are liquidated by the general fund.

The City has complied with all revenue bond covenants.

General Obligation Bonds

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

The debt service requirements for the bonds at June 30, 2018 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
	2019	\$ 695,000	\$ 197,400	\$ 820,000
2020	725,000	169,600	850,000	173,516
2021	760,000	140,600	880,000	143,340
2022	795,000	109,250	915,000	111,220
2023	830,000	75,462	950,000	76,450
2024	870,000	39,150	985,000	39,400
Total	4,675,000	731,462	5,400,000	744,502
Plus unamortized premium/discount	22,264	-	73,435	-
Total	<u>\$ 4,697,264</u>	<u>\$ 731,462</u>	<u>\$ 5,473,435</u>	<u>\$ 744,502</u>

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, 2018 were as follows:

Fiscal Year Ending June 30,	Series 2010B Dated April 30, 2010 \$6,000,000 @ 1.10% to 5.25% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST
2019	\$ 400,000	\$ 149,135
2020	410,000	131,335
2021	425,000	112,475
2022	435,000	92,287
2023	450,000	71,190
2024	465,000	48,915
2025	480,000	25,200
Total	3,065,000	630,537
Plus unamortized premium/discount	40,924	-
Total	<u>\$ 3,105,924</u>	<u>\$ 630,537</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

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

The debt service requirements for the bonds at June 30, 2018 were as follows:

Fiscal Year Ending June 30,	Series 2013A Dated August 28, 2013 \$7,170,000 @ 2.00% to 3.25% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST
2019	\$ 440,000	\$ 138,213
2020	455,000	129,413
2021	465,000	120,313
2022	480,000	109,850
2023	500,000	97,850
2024	515,000	84,100
2025	530,000	69,938
2026	550,000	54,036
2027	565,000	37,537
2028	590,000	19,175
Total	5,090,000	860,425
Plus unamortized premium/discount	62,205	-
Total	\$ 5,152,205	\$ 860,425

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

The debt service requirements for the bonds at June 30, 2018 were as follows:

Fiscal Year Ending June 30,	Series 2014 Dated November 6, 2014 \$3,385,000 @ 2.00% to 4.00% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST
2019	\$ 725,000	\$ 14,500
Total	725,000	14,500
Plus unamortized premium	28,943	-
Total	\$ 753,943	\$ 14,500

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

The debt service requirements for the bonds at June 30, 2018 were as follows:

Fiscal Year Ending June 30,	Series 2017 Dated June 6, 2017 \$25,000,000 @ 3.00% to 5.00% per annum paid semi- annually (Feb. & August)	
	PRINCIPAL	INTEREST
2019	\$ 1,280,000	\$ 961,550
2020	1,335,000	910,350
2021	1,385,000	843,600
2022	1,440,000	774,350
2023	1,500,000	702,350
2024	1,560,000	627,350
2025	1,625,000	549,350
2026	1,685,000	468,100
2027	1,755,000	383,850
2028	1,825,000	296,100
2029	1,900,000	241,350
2030	1,975,000	184,350
2031	2,055,000	125,100
2032	2,115,000	63,450
Total	23,435,000	7,131,200
Plus unamortized premium	2,655,595	-
Total	\$ 26,090,595	\$ 7,131,200

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

Redevelopment Agency Capital Projects Funds and Bonds

The City maintains special revenue and capital project funds for the Main Street Redevelopment Agency and the Lower Park Avenue Redevelopment Agency. For the fiscal year ended June 30, 2018, the tax increment collected by the Main Street Redevelopment Agency was \$293,889 and the tax contributions from other governments were \$983,888. The tax increment collected by the Lower Park Avenue Redevelopment Agency was \$635,653 and the tax contributions from other governments were \$2,128,057. The tax increment paid to another taxing agency by the Main Street Redevelopment Agency and by the Lower Park Avenue Redevelopment Agency was \$262,566 and \$528,668, respectively.

During the fiscal year, the Lower Park Avenue Redevelopment Agency expended \$2,643,417 for site improvements and \$74,644 for economic development. The Main Street Redevelopment Agency expended \$95,695 for site improvements and \$4,710 for economic development.

Water Revenue Refunding Bonds

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

The debt service requirements for the water refunding bonds at June 30, 2018 were as follows:

Fiscal	Series 2009	
Year Ending	Dated September 29, 2009	
<u>June 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2019	\$ 1,810,000	\$ 90,500
Total	1,810,000	90,500
Plus unamortized premium	147,526	-
Total	<u>\$ 1,957,526</u>	<u>\$ 90,500</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Refunding Bonds, Continued

On December 14, 2012, the City issued the par amount of \$5,525,000 in Water Revenue and Refunding Bonds Series 2012B plus a premium of \$123,766. The premium was deferred and amortized over the life of the bond using the effective interest method. The bond proceeds were used to refund \$390,000 principal of outstanding Water Revenue Bonds Series 2006 plus interest of \$5,650. New money in the amount of \$4,600,000 was received to finance the construction of culinary water system improvements. The bonds bear interest at 2.25 percent paid semiannually. The bonds incurred bond issuance costs of \$100,848, which were recognized as an expense in the period incurred. Repayments on the debt are made from the net revenues of the Water Fund.

On February 21, 2013, the City issued the par amount of \$3,045,000 in Water Revenue and Refunding Bonds Series 2013 A and B plus a premium of \$37,518. The premium was deferred and amortized over the life of the bond using the effective interest method. The bond proceeds were used to refund \$3,029,000 principal of outstanding Water Revenue Bonds Series 2006 plus interest of \$63,609. The bonds bear interest at 2.00 percent paid semiannually. The bonds incurred bond issue costs of \$74,516, which were recognized as an expense in the period incurred. Repayments on the debt are made from the net revenues of the Water Fund.

The debt service requirements for the water refunding bonds at June 30, 2018 were as follows:

Fiscal Year Ending June 30,	SERIES 2012B Dated December 14, 2012 \$5,525,000 @ 2.25%		SERIES 2013A Dated February 21, 2013 \$3,045,000 @ 2.00%	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2019	\$ -	\$ 124,312	\$ 230,000
2020	-	124,313	235,000	32,350
2021	-	124,312	240,000	27,600
2022	-	124,313	245,000	22,750
2023	-	124,312	245,000	17,850
2024	-	124,313	250,000	12,900
2025	-	124,312	255,000	7,850
2026	-	124,313	265,000	2,650
2027	2,525,000	95,906	-	-
2028	3,000,000	33,750	-	-
Total	5,525,000	1,124,156	1,965,000	160,950
Plus unamortized premium/discount	78,068	-	21,855	-
Total	<u>\$ 5,603,068</u>	<u>\$ 1,124,156</u>	<u>\$ 1,986,855</u>	<u>\$ 160,950</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Bonds

On July 14, 2009, the City issued the par amount of \$2,500,000 in Taxable Water Revenue Bonds Series 2009A to finance the construction of drinking water system improvements. The bonds bear no interest and the principal payment of \$125,000 is paid annually beginning July 15, 2010 and ending July 15, 2029. Repayments on the debt are made from the net revenues of the Water Fund. The outstanding balance at June 30, 2018 is \$1,500,000.

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

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

The debt service requirements for these bonds at June 30, 2018 were as follows:

Fiscal Year Ending June 30,	Series 2009C		Series 2010	
	Dated September 29, 2009		Dated February 10, 2010	
	\$10,135,000 @ 4.70% to 5.25%		\$12,200,000 @ 2.00% to 5.00%	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2019	\$ -	\$ 508,637	\$ 825,000	\$ 261,925
2020	1,900,000	508,637	870,000	219,550
2021	1,960,000	419,338	910,000	179,600
2022	2,025,000	323,298	950,000	142,400
2023	2,090,000	221,035	1,000,000	103,400
2024	2,160,000	113,400	1,015,000	63,100
2025	-	-	1,070,000	21,400
Total	10,135,000	2,094,345	6,640,000	991,375
Plus unamortized premium	-	-	386,370	-
Total	<u>\$ 10,135,000</u>	<u>\$ 2,094,345</u>	<u>\$ 7,026,370</u>	<u>\$ 991,375</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Bonds, Continued

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

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

The debt service requirements for these bonds at June 30, 2018 were as follows:

Fiscal Year Ending June 30,	Series 2012 Dated May 31, 2012 \$4,160,000 @ 2.00% to 4.00%		Series 2014 Dated June 25, 2014 \$4,115,000 @ 3.25%	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2019	\$ 265,000	\$ 86,200	\$ -
2020	280,000	78,250	-	133,737
2021	290,000	69,850	-	133,737
2022	300,000	61,150	-	133,738
2023	310,000	52,150	-	133,738
2024	315,000	42,850	-	133,738
2025	325,000	33,400	2,350,000	133,738
2026	335,000	23,650	1,765,000	57,362
2027	340,000	13,600	-	-
Total	2,760,000	461,100	4,115,000	993,525
Plus unamortized premium	186,628	-	148,950	-
Total	<u>\$ 2,946,628</u>	<u>\$ 461,100</u>	<u>\$ 4,263,950</u>	<u>\$ 993,525</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

Sales Tax Revenue and Refunding Bonds

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

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

The debt service requirements for the bonds at June 30, 2018 were as follows:

Fiscal Year Ending June 30,	Series 2014A, \$6,725,000 @ 2.00%-4.00% paid semiannually		Series 2014B, \$5,375,000 @3.00%-3.25% paid semiannually	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2019	\$ 985,000	\$ 101,700	\$ -	\$ 164,912
2020	1,025,000	62,300	-	164,912
2021	1,065,000	21,300	-	164,912
2022	-	-	605,000	164,912
2023	-	-	625,000	146,763
2024	-	-	640,000	128,013
2025	-	-	660,000	108,813
2026	-	-	680,000	89,013
2027	-	-	700,000	68,613
2028	-	-	720,000	47,613
2029	-	-	745,000	24,212
Total	3,075,000	185,300	5,375,000	1,272,688
Plus unamortized premium	227,441	-	123,306	-
Total	<u>\$ 3,302,441</u>	<u>\$ 185,300</u>	<u>\$ 5,498,306</u>	<u>\$ 1,272,688</u>

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

On November 11, 2017, the City issued Sales Tax Revenue Bonds, Series 2017 in the amount of \$31,940,000 plus a premium of \$3,287,871. The proceeds from the sale of the bonds were used for the purpose of financing the acquisition and construction of affordable housing units; land acquisition; parking, plaza and walkway improvements; road improvements; open space acquisition; and parks and community center improvements.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

Sales Tax Revenue and Refunding Bonds, Continued

The debt service requirements for the bonds at June 30, 2018 were as follows:

Fiscal Year Ending June 30,	Series 2015, \$11,600,000 @ 2.00% - 4.00% paid semiannually		Series 2017, \$31,940,000 @ 2.85% - 5.00% paid semiannually	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2019	\$ 665,000	\$ 333,425	\$ 1,590,000	\$ 1,178,853
2020	680,000	320,125	1,670,000	1,099,352
2021	710,000	292,925	1,755,000	1,015,853
2022	735,000	264,525	1,780,000	989,527
2023	765,000	235,125	1,870,000	900,527
2024	795,000	204,525	1,965,000	807,028
2025	820,000	180,675	2,060,000	708,778
2026	845,000	156,075	2,165,000	605,777
2027	880,000	122,275	2,275,000	497,528
2028	905,000	95,875	2,385,000	383,777
2029	930,000	68,725	2,480,000	288,378
2030	970,000	31,525	2,555,000	213,977
2031	-	-	2,620,000	147,548
2032	-	-	2,695,000	76,807
Total	9,700,000	2,305,800	29,865,000	8,913,710
Plus unamortized premium	481,458	-	3,156,628	-
Total	<u>\$ 10,181,458</u>	<u>\$ 2,305,800</u>	<u>\$ 33,021,628</u>	<u>\$ 8,913,710</u>

The Series 2014A, 2014B, 2015 and 2017 Bonds are special limited obligations of the City, payable solely from and secured solely by a pledge of revenues from (1) 100 percent of the revenues received by the City from the local sales and use tax levied by the City pursuant to the Utah Local Sales and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code and (2) 100 percent of the revenues received by the City from the resort communities tax levied by the City pursuant to Title 59, Chapter 12, Part 4 of the Utah Code. The bonds do not constitute a pledge of the ad valorem taxing power or the full faith and credit of the City. More detailed information about pledged-revenue coverage is presented in Schedule 18 on page 130 of this report.

The Series 2017 Bonds are additionally payable solely from and secured solely by a pledge of revenues from 100 percent of the revenues received by the City from the municipal transient room tax levied by the City pursuant to Title 59, Chapter 12, Part 3A, Utah Code.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

The annual debt service requirements for all long-term debt outstanding as of June 30, 2018 by activity are as follows:

Fiscal Year ending June 30,	Governmental Activities		
	General Obligation Bonds	Revenue Bonds	Business-Type Activities
Principal			
2019	\$ 4,360,000	\$ 3,240,000	\$ 3,255,000
2020	3,775,000	3,375,000	3,410,000
2021	3,915,000	3,530,000	3,525,000
2022	4,065,000	3,120,000	3,645,000
2023	4,230,000	3,260,000	3,770,000
2024-2028	14,000,000	18,495,000	16,595,000
2029-2032	8,045,000	12,995,000	250,000
Total	42,390,000	48,015,000	34,450,000
Plus unamortized premium/discount			
Total	2,883,366	3,988,833	969,397
Total	<u>\$ 45,273,366</u>	<u>\$52,003,833</u>	<u>\$35,419,397</u>
Interest			
2019	\$ 1,661,374	\$ 1,778,890	\$ 1,242,311
2020	1,514,214	1,646,689	1,096,837
2021	1,360,328	1,494,990	954,437
2022	1,196,957	1,418,964	807,649
2023	1,023,302	1,282,415	652,485
2024-2028	2,742,201	4,204,378	1,162,232
2029-2032	614,250	851,172	-
Total	<u>\$ 10,112,626</u>	<u>\$12,677,498</u>	<u>\$ 5,915,951</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE F – RETIREMENT PLANS

General Information about the Pension Plan

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

Defined Benefit Plans

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

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE F – RETIREMENT PLANS, Continued

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

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

* With actuarial reductions

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

Contribution Rate Summary

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE F – RETIREMENT PLANS, Continued

Contribution rates as of June 30, 2018 are as follows:

	Employee	Employer	Employer 401(k)
Contributory System			
11 Local Government Div - Tier 1	6.00	14.46	N/A
111 Local Government Div - Tier 2*	N/A	15.11	1.58
Noncontributory System			
15 Local Government Div - Tier 1	N/A	18.47	N/A
Public Safety System			
Contributory			
23 Other Div A with 2.50% COLA	12.29	22.75	N/A
122 Tier 2 DB Hybrid Public Safety*	N/A	22.57	1.26
Noncontributory			
43 Other Div A with 2.50% COLA	N/A	34.04	N/A
Tier 2 Defined Contribution Only*			
211 Local Government	N/A	6.69	10.00
222 Public Safety	N/A	11.83	12.00

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

For the fiscal year ended June 30, 2018, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 1,553,648	\$ N/A
Contributory System	121,856	-
Public Safety System	696,730	-
Tier 2 Public Employees Systems	1,051,865	-
Tier 2 Public Safety and Firefighter	54,182	-
Tier 2 DC Only System	63,003	N/A
Tier 2 DC Public Safety and Firefighter System	7,618	N/A
Total Contributions	\$ 3,548,902	\$ -

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE F – RETIREMENT PLANS, Continued

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

At June 30, 2018, the City reported a net pension asset of \$3,365 and a net pension liability of \$7,780,234:

Measurement Date: December 31, 2017					
	Net Pension	Net Pension	Proportionate	Proportionate Share	Change
	Asset	Liability	Share	December 31, 2016	(Decrease)
Noncontributory System	\$ -	\$ 5,167,113	1.1793561 %	1.1028763 %	0.0764798 %
Contributory System	-	348,463	4.2822288	3.5528544	0.7293744
Public Safety System	-	2,208,117	1.4076471	1.3348476	0.0727995
Tier 2 Public Employees System	-	56,541	0.6412973	0.5779839	0.0633134
Tier 2 Public Safety and Firefighter	3,365	-	0.2907906	0.4276917	(0.1369011)
	\$ 3,365	\$ 7,780,234			

The net pension asset and liability were measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$3,773,294. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 119,131	\$ 693,040
Changes in assumptions	2,752,575	157,165
Net difference between projected and actual earnings on pension plan investments	1,968,330	5,028,331
Changes in proportion and differences between contributions and proportionate share of contributions	674,238	147,284
Contributions subsequent to the measurement date	1,821,443	-
Total	\$ 7,335,717	\$ 6,025,820

\$1,821,443 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal yearend, but subsequent to the measurement date of December 31, 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE F – RETIREMENT PLANS, Continued

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Deferred Outflows (Inflows) of Resources
2018	\$ 590,974
2019	677,027
2020	(753,661)
2021	(1,090,164)
2022	(11,837)
Thereafter	76,116

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$1,915,329. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 115,259	\$ 316,219
Changes in assumptions	1,856,003	120,726
Net difference between projected and actual earnings on pension plan investments	1,112,444	2,921,086
Changes in proportion and differences between contributions and proportionate share of contributions	336,650	147,284
Contributions subsequent to the measurement date	784,070	-
Total	<u>\$ 4,204,426</u>	<u>\$ 3,505,315</u>

\$784,070 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal yearend, but subsequent to the measurement date of December 31, 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE F – RETIREMENT PLANS, Continued

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Deferred Outflows (Inflows) of Resources
2018	\$ 351,352
2019	478,965
2020	(278,549)
2021	(636,727)
2022	-
Thereafter	-

Contributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$273,848. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	440,047	999,277
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	61,651	-
Total	<u>\$ 501,698</u>	<u>\$ 999,277</u>

\$61,651 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal yearend, but subsequent to the measurement date of December 31, 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE F – RETIREMENT PLANS, Continued

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Deferred Outflows (Inflows) of Resources
2018	\$ (33,545)
2019	(47,984)
2020	(260,788)
2021	(216,913)
2022	-
Thereafter	-

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$1,009,352. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 323,858
Changes in assumptions	813,111	30,427
Net difference between projected and actual earnings on pension plan investments	397,279	1,021,232
Changes in proportion and differences between contributions and proportionate share of contributions	261,660	-
Contributions subsequent to the measurement date	354,221	-
Total	<u>\$ 1,826,271</u>	<u>\$ 1,375,517</u>

\$354,221 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal yearend, but subsequent to the measurement date of December 31, 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE F – RETIREMENT PLANS, Continued

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2018 \$	277,562
2019	250,441
2020	(209,057)
2021	(222,413)
2022	-
Thereafter	-

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$543,389. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,117	\$ 52,953
Changes in assumptions	76,094	5,724
Net difference between projected and actual earnings on pension plan investments	17,730	82,246
Changes in proportion and differences between contributions and proportionate share of contributions	68,242	-
Contributions subsequent to the measurement date	594,118	-
Total	<u>\$ 758,301</u>	<u>\$ 140,923</u>

\$594,118 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal yearend, but subsequent to the measurement ate of December 31, 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE F – RETIREMENT PLANS, Continued

These contributions will be recognized as a reduction of the net pension liability in the upcoming year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2018	\$ (4,666)
2019	(4,666)
2020	(5,506)
2021	(13,951)
2022	(11,793)
Thereafter	63,842

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$31,376. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,755	\$ 10
Changes in assumptions	7,367	288
Net difference between projected and actual earnings on pension plan investments	830	4,490
Changes in proportion and differences between contributions and proportionate share of contributions	7,686	-
Contributions subsequent to the measurement date	27,383	-
Total	<u>\$ 45,021</u>	<u>\$ 4,788</u>

\$27,383 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal yearend, but subsequent to the measurement date of December 31, 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE F – RETIREMENT PLANS, Continued

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2018 \$	271
2019	271
2020	239
2021	(160)
2022	(44)
Thereafter	12,274

Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries. The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE F – RETIREMENT PLANS, Continued

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40.00 %	6.15 %	2.46 %
Debt securities	20.00	0.40	0.08
Real assets	15.00	5.75	0.86
Private equity	9.00	9.95	0.89
Absolute return	16.00	2.85	0.46
Cash and cash equivalents	-	-	-
Totals	100.00 %		4.75 %
	Inflation		2.50 %
	Expected arithmetic nominal return		7.25 %

The 6.95 percent assumed investment rate of return is comprised of an inflation rate of 2.50 percent, a real return of 4.45 percent that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the Systems' Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.95 percent) or 1 percentage point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 13,974,298	\$ 5,167,113	\$ (2,155,625)
Contributory System	2,362,607	348,463	(1,341,048)
Public Safety System	5,563,462	2,208,117	(511,352)
Tier 2 Public Employees System	665,748	56,541	(413,244)
Tier 2 Public Safety and Firefighter System	29,796	(3,365)	(28,700)
Total	\$ 22,595,911	\$ 7,776,869	\$ (4,449,969)

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE F – RETIREMENT PLANS, Continued

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

Defined Contribution Savings Plans

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

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

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

Employee and employer contributions to the Systems Defined Contribution Savings Plans for fiscal year ended June 30, 2018 were as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
401(k) Plan			
Employer Contributions	\$ 272,906	\$ 224,693	\$ 186,225
Employee Contributions	-	-	-
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	16,770	17,105	12,245
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	50	1,050	-

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, 2018 was \$25,282,067. Of that amount, \$7,096,948 was eligible to participate in this plan. The City participated at a rate of 0.50 percent, under City resolution for the year ended June 30, 2018 for employees covered by the State Contributory System retirement plan, 0.50 percent for employees covered by the State Noncontributory System retirement plan, and 18.47 percent under State Statue for a limited number of employees that are exempt from the State plan. During the year ended June 30, 2018 contributions totaling \$52,929 or 0.75 percent of covered payroll were made by the City. Employer contributions are fully vested in one year. All contributions were made by the due dates. The 401(a) defined contribution monies are not available

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE G - DEFINED CONTRIBUTION PLANS, Continued

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

Section 457 deferred compensation plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The City's total payroll in the fiscal year ended June 30, 2018 was \$25,282,067 and the City's covered payroll eligible for this plan totaled \$17,703,431. The City participates in employer benefits of \$46.15 per pay period for those employees who have chosen single health insurance coverage and match the employees' voluntary contribution amount at fifty cents on the dollar to a maximum contribution of \$900. Contributions totaling \$225,101 or 1.27 percent of covered payroll were made by the City and voluntary contributions totaling \$907,460 or 5.12 percent of covered payroll were made by employees. All contributions were made by the due dates.

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

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

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

NOTE H - COMMITMENTS AND CONTINGENCIES

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

Commitments for major construction and capital improvements projects at June 30, 2018 are as follows:

Capital Projects Funds	\$4,980,266
Enterprise Funds	\$1,637,824

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE I– INTERGOVERNMENTAL REVENUES

Intergovernmental revenues were received by governmental fund types for the year ended June 30, 2018. They consist of the following:

State of Utah Class "C" road allotments	\$ 420,261
State contributions	74,438
County contributions	3,031,319
Federal contributions	2,733,886
Fire District	413,959
School District	<u>2,204,247</u>
Total	<u><u>\$ 8,878,110</u></u>

NOTE J – INTERFUND LOANS

Due to cash flow needs of the Golf Fund to purchase new golf carts, the sum of \$125,000 was advanced from the General Fund on April 1, 2017. The advance bears interest at 1.75 percent paid monthly for forty-eight months. The annual repayment requirement for the advance at June 30, 2018 was as follows:

Fiscal Year Ending		
June 30,	PRINCIPAL	INTEREST
2019	\$ 31,106	\$ 1,271
2020	31,654	723
2021	<u>24,107</u>	<u>176</u>
Total	<u><u>\$ 86,867</u></u>	<u><u>\$ 2,170</u></u>

NOTE K – RISK MANAGEMENT

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE K – RISK MANAGEMENT, Continued

Unpaid claims as of June 30, 2016	13,797
Incurred claims	105,918
Claim payments	91,035
Unpaid claims as of June 30, 2017	28,680
Incurred claims	151,053
Claim payments	143,138
Unpaid claims as of June 30, 2018	\$ 36,595

NOTE L – BUDGET RECONCILIATION

A reconciliation of the original 2017-2018 budget, to the final legally adopted budget for all governmental fund types net of transfers approved in June 2018 is as follows:

	Original Budget	Increase (Decrease)	Budget as Revised
General Fund:			
Revenues	\$ 32,404,880	\$ 2,569,912	\$ 34,974,792
Expenditures	32,453,539	1,398,105	33,851,644
Special Revenue Funds:			
Revenues	\$ 3,655,792	\$ -	\$ 3,655,792
Expenditures	1,292,989	-	1,292,989
Debt Service Funds:			
Revenues	\$ 6,489,841	\$ -	\$ 6,489,841
Expenditures	8,705,848	2,998,296	11,704,144
Capital Projects Funds:			
Revenues	\$ 16,257,707	\$ 24,749,839	\$ 41,007,546
Expenditures	13,407,590	80,371,423	93,779,013

NOTE M – INTERFUND TRANSFERS

Fund Financial Statements

Transfers were made to and from several funds during the course of the year ended June 30, 2018. An interfund transfer is a legally authorized transfer between funds in which one fund is responsible for the initial receipt of funds and another fund is responsible for the actual disbursement. The General Fund transferred \$1,073,700 to the Equipment Replacement Capital Projects Fund for future replacement of rolling stock and computer equipment. Several funds transferred a total of \$5,027,357 to the Sales Tax Revenue Bond Debt Service Fund to support principal and interest payments on debt. The Sales Tax Revenue Bond Debt Service Fund transferred \$30,203,248 of net bond proceeds to the Capital Improvements Fund for construction project costs. Transfers to the General Fund were comprised of: \$1,493,450 from the Water Fund, \$50,000 from the Stormwater Fund, \$931,966 from the Transportation and Parking Fund and \$101,766 from the Golf Fund for administrative expenses for the year ended June 30, 2018.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE M – INTERFUND TRANSFERS, Continued

	Transfers into:					Business- Type Activities	Total
	Major Funds						
	General Fund	Capital Improvement Fund	Sales Tax Revenue & Refunding - DSF	Nonmajor Funds	Golf Course Fund		
<u>Transfers out from:</u>							
Governmental activities							
Major funds:							
General fund	\$ -	\$ 3,000,023	\$ 159,826	\$1,073,700	\$25,000		\$ 4,258,549
Capital improvement fund	-	-	3,352,716	-	-		3,352,716
Sales tax rev & refund - DSF	-	30,203,248	-	-	-		30,203,248
General obligation - DSF	-	-	-	-	-		-
Nonmajor funds:							
Other funds	-	-	1,514,815	2,393,125	-		3,907,940
Business-type activities							
Water fund	1,493,450	-	-	-	-		1,493,450
Stormwater fund	50,000	-	-	-	-		50,000
Transportation and parking	931,966	-	-	-	-		931,966
Golf course fund	101,766	-	-	-	-		101,766
Total	\$2,577,182	\$33,203,271	\$5,027,357	\$3,466,825	\$25,000		\$44,299,635

Government-Wide Financial Statements

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

NOTE N - TAXES

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

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE O – UNAVAILABLE REVENUE

Fund Financial Statements

At June 30, 2018, the following unavailable revenues were recorded in the fund financial statements as deferred inflows of resources because the funds were not available to finance expenditures of the current period.

	General	Debt Service - Park City General Obligation	Capital Projects - Capital Improvement Fund	Other Governmental Funds	Total
Miscellaneous loans/ receivable	\$ 86,867	\$ -	\$ 1,439,202	\$ -	\$ 1,526,069
Property tax levied- not yet collected	9,883,951	6,021,374	-	4,140,987	20,046,312
	<u>\$9,970,818</u>	<u>\$ 6,021,374</u>	<u>\$ 1,439,202</u>	<u>\$ 4,140,987</u>	<u>\$ 21,572,381</u>

NOTE P – CONDUIT DEBT

On May 29, 2015, the City issued \$18,885,000 of 2015 Industrial Revenue Refunding Bonds on behalf of the United States Ski and Snowboard Association (USSA), a nonprofit corporation. The bonds refunded \$18,695,000 of the 2007 Multi-Mode Variable Rate Revenue Bonds issued on December 18, 2007, on behalf of USSA. The bonds bear interest at a variable rate and mature June 1, 2040. The bonds were used to partially finance the construction of The USSA Center of Excellence, an athletic training and office facility located in Park City. The bonds are secured by a pledge of revenues under the Bond Indenture. Neither the City’s General Fund nor the full faith and credit of the City are pledged for the payment of principal or interest on the bonds. Since the bonds do not constitute a debt of the City, they are not reported in the accompanying financial statements. The principal balance of outstanding bonds was \$17,210,292 at June 30, 2018.

NOTE Q – POLLUTION REMEDIATION

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE Q – POLLUTION REMEDIATION, Continued

pursuant to GASB 49. The City plans to conduct remediation of 48 acres of land in accordance with the Utah Department of Environmental Quality Clean-up Program. The estimated cost to remediate these 48 acres is \$1,272,000 and is a liability of the City. The estimate of \$1,272,000 is measured at current value using the expected cash flow technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. This technique uses all expectations about possible cash flows. The pollution remediation obligation is an estimate subject to changes resulting from price increases or reductions, technology, or changes in applicable laws and regulations.

NOTE R – RESTATEMENTS

Prior Period Adjustment

The City has recorded the following prior period adjustment to adjust capital assets and inventory that were reported incorrectly or excluded in the government-wide and proprietary fund financial statements. Accordingly, the City's beginning net position as of July 1, 2017 have been restated as follows:

	Governmental Activities	Business-type Activities	Total
Net position beginning balance	\$ 214,841,303	\$ 117,759,368	\$ 332,600,671
Inventories	(160,279)	-	(160,279)
Capital assets not being depreciated:			
Land	7,172,946	-	7,172,946
Construction in progress	100,000	120,422	220,422
Capital assets (net of accumulated depreciation):			
Buildings	-	4,996	4,996
Improvements other than buildings	(106,989)	(263,265)	(370,254)
Vehicles and equipment	276,136	(72,086)	204,050
Infrastructure	(139,787)	-	(139,787)
Total adjustment	7,142,027	(209,933)	6,932,094
Net position beginning balance, as adjusted	<u>\$ 221,983,330</u>	<u>\$ 117,549,435</u>	<u>\$ 339,532,765</u>

	Proprietary Fund Water	Proprietary Fund Transportation and Parking	Total Enterprise Funds
Net position beginning balance	\$ 56,884,665	\$ 49,762,018	\$ 117,774,826
Noncurrent assets:			
Capital assets:			
Buildings	-	6,658	6,658
Improvements other than buildings	(25,610)		(25,610)
Construction in progress	120,422		120,422
Accumulated depreciation and amortization	(294,053)	(17,350)	(311,403)
Total adjustment	(199,241)	(10,692)	(209,933)
Net position beginning balance, as adjusted	<u>\$ 56,685,424</u>	<u>\$ 49,751,326</u>	<u>\$ 117,564,893</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE R – RESTATEMENTS, Continued

	Beginning Balance June 30, 2017	Adjustments	Adjusted Beginning Balance June 30, 2017
Governmental activities:			
Capital assets, not being depreciated:			
Land and water rights	\$ 148,609,832	\$ 7,172,946	\$ 155,782,778
Construction in progress	5,487,187	100,000	5,587,187
Art	718,619	-	718,619
Total capital assets, not being depreciated	<u>154,815,638</u>	<u>7,272,946</u>	<u>162,088,584</u>
Capital assets, being depreciated:			
Buildings	43,331,026	-	43,331,026
Improvements other than building	41,091,811	-	41,091,811
Vehicles and equipment	12,472,699	328,281	12,800,980
Infrastructure	114,743,821	(119,183)	114,624,638
Intangibles	5,902,535	-	5,902,535
Total capital assets, being depreciated	<u>217,541,892</u>	<u>209,098</u>	<u>217,750,990</u>
Less accumulated depreciation for:			
Buildings	(13,749,488)	-	(13,749,488)
Improvements other than building	(20,191,800)	(106,989)	(20,298,789)
Vehicles and equipment	(7,278,310)	(52,145)	(7,330,455)
Infrastructure	(88,943,609)	(20,604)	(88,964,213)
Intangibles	(332,322)	-	(332,322)
Total accumulated depreciation	<u>(130,495,529)</u>	<u>(179,738)</u>	<u>(130,675,267)</u>
Total capital assets, being depreciated, net	<u>87,046,363</u>	<u>29,360</u>	<u>87,075,723</u>
Governmental activities capital assets, net	<u>\$ 241,862,001</u>	<u>\$ 7,302,306</u>	<u>\$ 249,164,307</u>
Business-type activities:			
Capital assets, not being depreciated:			
Land and water rights	\$ 22,245,189	-	\$ 22,245,189
Construction in progress	6,565,585	120,422	6,686,007
Art	109,214	-	109,214
Total capital assets, not being depreciated	<u>28,919,988</u>	<u>120,422</u>	<u>29,040,410</u>
Capital assets, being depreciated:			
Buildings	20,731,544	6,658	20,738,202
Improvements other than building	107,131,252	(25,610)	107,105,642
Vehicles and equipment	30,890,432	-	30,890,432
Intangibles	86,455	-	86,455
Total capital assets, being depreciated	<u>158,839,683</u>	<u>(18,952)</u>	<u>158,820,731</u>
Less accumulated depreciation for:			
Buildings	(6,559,588)	(1,662)	(6,561,250)
Improvements other than building	(45,386,473)	(237,655)	(45,624,128)
Vehicles and equipment	(12,379,167)	(72,086)	(12,451,253)
Intangibles	(47,858)	-	(47,858)
Total accumulated depreciation	<u>(64,373,086)</u>	<u>(311,403)</u>	<u>(64,684,489)</u>
Total capital assets, being depreciated, net	<u>94,466,597</u>	<u>(330,355)</u>	<u>94,136,242</u>
Business-type activities capital assets, net	<u>\$ 123,386,585</u>	<u>\$ (209,933)</u>	<u>\$ 123,176,652</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE S – SUBSEQUENT EVENTS

On November 6, 2018, Park City voters approved the Park City Open Space Bond Ballot Initiative: “Shall Park City, Utah, be authorized to issue general obligation bonds to acquire, improve and forever preserve open space, park and recreational land located in Treasure Hill and Armstrong/Snow Ranch Pasture in order to protect the conservation values thereof, to eliminate any future commercial or residential development, and to make limited improvements for public access, trailhead parking and use, in an amount not to exceed \$48,000,000 and to mature in no more than 16 years from the date or dates of such bonds?”

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

	As of calendar year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of its covered employee payroll
Noncontributory System	2014	1.1057757 %	\$ 4,801,538	\$ 8,969,083	53.50 %	90.20 %
	2015	1.1629907	6,580,767	8,900,339	73.94	87.80
	2016	1.1028763	7,081,816	8,404,365	84.26	87.30
	2017	1.1793561	5,167,113	8,457,558	61.09	91.90
Contributory System	2014	1.7202131	496,184	921,380	53.90	94.00
	2015	2.1367876	1,501,851	910,458	164.96	85.70
	2016	3.5528544	1,165,731	852,469	136.75	92.90
	2017	4.2822288	348,463	868,933	40.10	98.20
Public Safety System	2014	1.0325635	1,298,534	1,628,847	79.70	90.50
	2015	1.1316373	2,027,047	1,850,090	109.56	87.10
	2016	1.3348476	2,708,774	2,154,360	125.73	86.50
	2017	1.4076471	2,208,117	2,326,902	94.90	90.20
Tier 2 Public Employees System	2014	0.4811751	(14,582)	2,361,287	(0.60)	103.50
	2015	0.6083725	(1,328)	3,930,779	(0.03)	100.20
	2016	0.5779839	64,474	4,739,934	1.36	95.10
	2017	0.6412973	56,541	6,278,394	0.90	97.40
Tier 2 Public Safety and Firefighter System	2014	0.5580685	(8,256)	230,513	(3.60)	120.50
	2015	0.4334431	(6,333)	258,047	(2.45)	110.70
	2016	0.4276917	(3,713)	353,369	(1.05)	103.60
	2017	0.2907906	(3,365)	307,120	(1.10)	103.00

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

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

	As of fiscal year ended June 30,	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll ²
Noncontributory System	2014	\$ 1,463,515	\$ 1,463,515	\$ -	\$ 8,593,869	17.03 %
	2015	1,593,052	1,593,052	-	8,676,643	18.36
	2016	1,583,281	1,583,281	-	8,630,571	18.35
	2017	1,559,571	1,559,571	-	8,480,620	18.39
	2018	1,553,648	1,553,648	-	8,429,027	18.43
Contributory System	2014	118,386	118,386	-	891,460	13.28
	2015	124,015	124,015	-	857,642	14.46
	2016	126,506	126,506	-	874,871	14.46
	2017	128,811	128,811	-	890,811	14.46
	2018	121,856	121,856	-	842,711	14.46
Public Safety System	2014	444,956	444,956	-	1,579,083	28.18
	2015	487,710	487,710	-	1,613,195	30.23
	2016	602,057	602,057	-	2,018,519	29.83
	2017	703,564	703,564	-	2,326,004	30.25
	2018	696,730	696,730	-	2,306,955	30.20
Tier 2 Public Employees System ³	2014	274,597	274,597	-	1,962,810	13.99
	2015	447,904	447,904	-	2,998,019	14.94
	2016	652,227	652,227	-	4,374,424	14.91
	2017	830,304	830,304	-	5,568,772	14.91
	2018	1,051,865	1,051,865	-	6,961,378	15.11
Tier 2 Public Safety and Firefighter System ³	2014	43,142	43,142	-	206,915	20.85
	2015	46,309	46,309	-	205,361	22.55
	2016	75,876	75,876	-	337,225	22.50
	2017	79,353	79,353	-	352,678	22.50
	2018	54,182	54,182	-	240,064	22.57
Tier 2 Public Employees DC Only System ³	2014	2,308	2,308	-	41,356	5.58
	2015	14,096	14,096	-	209,757	6.72
	2016	23,903	23,903	-	357,294	6.69
	2017	36,006	36,006	-	538,211	6.69
	2018	63,003	63,003	-	941,754	6.69
Tier 2 Public Safety and Firefighter DC Only System ³	2014	-	-	-	-	-
	2015	3,007	3,007	-	25,417	11.83
	2016	6,153	6,153	-	52,009	11.83
	2017	6,895	6,895	-	58,283	11.83
	2018	7,618	7,618	-	64,392	11.83

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

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

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

Park City Municipal Corporation, Utah
Notes to Required Supplementary Information
For the year ended June 30, 2018

Note 1. Changes in Assumptions

As a result of an experience study conducted as of December 31, 2016, the Utah Retirement Systems' Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the total pension liability (and actuarial accrued liability) include: (1) a decrease in the investment return assumption from 7.20 percent to 6.95 percent, (2) a reduction in the price inflation assumption from 2.60 percent to 2.50 percent (which also resulted in a corresponding decrease in the cost of living adjustment assumption for the funds with a 4.00 percent annual COLA max), (3) the adoption of an updated retiree mortality table that is developed using Utah Retirement Systems' actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the total pension liability (and actuarial accrued liability).

**SUPPLEMENTARY
INFORMATION**

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NONMAJOR GOVERNMENTAL FUNDS

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

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

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

Municipal Building Authority Capital Projects Fund - 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 Improvements 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, 2018

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental	
	Lower Park Avenue Redevelopment Agency	Main Street Redevelopment Agency	Total	Lower Park Avenue Redevelopment Agency	Main Street Redevelopment Agency	Municipal Building Authority	Equipment Replacement CIP		Total
Assets									
Cash, cash equivalents and investments	\$ 851,101	\$ 722,916	\$ 1,574,017	\$ 1,164,976	\$ 1,159,928	\$ 431,244	\$ 2,020,238	\$ 4,776,386	\$ 6,350,403
Receivables									
Taxes	2,849,225	1,308,895	4,158,120	-	-	-	-	-	4,158,120
Accounts	237	174	411	297	233	86	-	616	1,027
Total assets	<u>\$ 3,700,563</u>	<u>\$ 2,031,985</u>	<u>\$ 5,732,548</u>	<u>\$ 1,165,273</u>	<u>\$ 1,160,161</u>	<u>\$ 431,330</u>	<u>\$ 2,020,238</u>	<u>\$ 4,777,002</u>	<u>\$ 10,509,550</u>
Liabilities, deferred inflows of resources and fund balances									
Accounts payable	\$ 226	\$ -	\$ 226	\$ 136,424	\$ 83,387	\$ -	\$ 29,492	\$ 249,303	\$ 249,529
Deferred inflows of resources-property tax	2,840,987	1,300,000	4,140,987	-	-	-	-	-	4,140,987
Total liabilities and deferred inflows of resources	<u>2,841,213</u>	<u>1,300,000</u>	<u>4,141,213</u>	<u>136,424</u>	<u>83,387</u>	<u>-</u>	<u>29,492</u>	<u>249,303</u>	<u>4,390,516</u>
Fund Balances									
Committed:									
Capital projects	-	-	-	1,028,849	1,076,774	431,330	1,990,746	4,527,699	4,527,699
Economic development	859,350	731,985	1,591,335	-	-	-	-	-	1,591,335
Total fund balances	<u>859,350</u>	<u>731,985</u>	<u>1,591,335</u>	<u>1,028,849</u>	<u>1,076,774</u>	<u>431,330</u>	<u>1,990,746</u>	<u>4,527,699</u>	<u>6,119,034</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,700,563</u>	<u>\$ 2,031,985</u>	<u>\$ 5,732,548</u>	<u>\$ 1,165,273</u>	<u>\$ 1,160,161</u>	<u>\$ 431,330</u>	<u>\$ 2,020,238</u>	<u>\$ 4,777,002</u>	<u>\$ 10,509,550</u>

Park City Municipal Corporation, Utah
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds			Capital Projects Funds					Total Nonmajor Governmental
	Lower Park Avenue Redevelopment Agency	Main Street Redevelopment Agency	Total	Lower Park Avenue Redevelopment Agency	Main Street Redevelopment Agency	Municipal Building Authority	Equipment Replacement CIP	Total	
Revenues									
Taxes and special assessments	\$ 635,653	\$ 293,889	\$ 929,542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 929,542
Contributions from other governments	2,128,057	983,888	3,111,945	-	-	-	-	-	3,111,945
Investment income	16,432	11,529	27,961	12,741	17,021	6,155	-	35,917	63,878
Total revenues	<u>2,780,142</u>	<u>1,289,306</u>	<u>4,069,448</u>	<u>12,741</u>	<u>17,021</u>	<u>6,155</u>	<u>-</u>	<u>35,917</u>	<u>4,105,365</u>
Expenditures									
Capital outlay	-	-	-	2,643,417	95,695	1,430	516,654	3,257,196	3,257,196
Economic development	603,312	267,276	870,588	-	-	-	-	-	870,588
Total expenditures	<u>603,312</u>	<u>267,276</u>	<u>870,588</u>	<u>2,643,417</u>	<u>95,695</u>	<u>1,430</u>	<u>516,654</u>	<u>3,257,196</u>	<u>4,127,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,176,830</u>	<u>1,022,030</u>	<u>3,198,860</u>	<u>(2,630,676)</u>	<u>(78,674)</u>	<u>4,725</u>	<u>(516,654)</u>	<u>(3,221,279)</u>	<u>(22,419)</u>
Other financing sources (uses)									
Sale of capital assets	-	-	-	1,981,900	-	-	80,989	2,062,889	2,062,889
Transfers in	-	-	-	1,641,125	752,000	-	1,073,700	3,466,825	3,466,825
Transfers out	(1,641,125)	(752,000)	(2,393,125)	(705,325)	(809,490)	-	-	(1,514,815)	(3,907,940)
Total other financing sources (uses)	<u>(1,641,125)</u>	<u>(752,000)</u>	<u>(2,393,125)</u>	<u>2,917,700</u>	<u>(57,490)</u>	<u>-</u>	<u>1,154,689</u>	<u>4,014,899</u>	<u>1,621,774</u>
Net change in fund balances	<u>535,705</u>	<u>270,030</u>	<u>805,735</u>	<u>287,024</u>	<u>(136,164)</u>	<u>4,725</u>	<u>638,035</u>	<u>793,620</u>	<u>1,599,355</u>
Fund balances - beginning	<u>323,645</u>	<u>461,955</u>	<u>785,600</u>	<u>741,825</u>	<u>1,212,938</u>	<u>426,605</u>	<u>1,352,711</u>	<u>3,734,079</u>	<u>4,519,679</u>
Fund balances - ending	<u>\$ 859,350</u>	<u>\$ 731,985</u>	<u>\$ 1,591,335</u>	<u>\$ 1,028,849</u>	<u>\$ 1,076,774</u>	<u>\$ 431,330</u>	<u>\$ 1,990,746</u>	<u>\$ 4,527,699</u>	<u>\$ 6,119,034</u>

Park City Municipal Corporation, Utah
Sales Tax Revenue and Refunding Bonds Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 195,670	\$ 195,670
Expenditures				
Debt service				
Principal	1,605,000	3,680,000	3,680,000	-
Interest	661,613	1,361,356	1,351,082	10,274
Bond issuance costs	-	223,553	223,553	-
Total expenditures	<u>2,266,613</u>	<u>5,264,909</u>	<u>5,254,635</u>	<u>10,274</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,266,613)</u>	<u>(5,264,909)</u>	<u>(5,058,965)</u>	<u>205,944</u>
Other financing sources (uses)				
Transfers in	2,257,613	5,027,357	5,027,357	-
Transfers out	-	(30,203,248)	(30,203,248)	-
Debt issuance	-	31,940,000	31,940,000	-
Premium on debt issuance	-	3,287,871	3,287,871	-
Total other financing sources (uses)	<u>2,257,613</u>	<u>10,051,980</u>	<u>10,051,980</u>	<u>-</u>
Net change in fund balance	(9,000)	4,787,071	4,993,015	205,944
Fund balance - beginning	<u>2,371,332</u>	<u>2,403,929</u>	<u>2,403,932</u>	<u>3</u>
Fund balance - ending	<u><u>\$ 2,362,332</u></u>	<u><u>\$ 7,191,000</u></u>	<u><u>\$ 7,396,947</u></u>	<u><u>\$ 205,947</u></u>

Park City Municipal Corporation, Utah
General Obligation Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<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	\$ 6,420,184	\$ 6,420,184	\$ 6,420,184	\$ -
Delinquent taxes	12,000	12,000	12,000	-
Investment income	-	-	1,729	1,729
Miscellaneous	57,657	57,657	53,766	(3,891)
Total revenues	<u>6,489,841</u>	<u>6,489,841</u>	<u>6,487,679</u>	<u>(2,162)</u>
Expenditures				
Debt service				
Principal	4,945,000	4,945,000	4,945,000	-
Interest	1,494,235	1,494,235	1,475,934	18,301
Bond issuance costs	-	-	-	-
Total expenditures	<u>6,439,235</u>	<u>6,439,235</u>	<u>6,420,934</u>	<u>18,301</u>
Excess of revenues over expenditures	<u>50,606</u>	<u>50,606</u>	<u>66,745</u>	<u>16,139</u>
Net change in fund balance	50,606	50,606	66,745	16,139
Fund balance - beginning	<u>627,961</u>	<u>643,716</u>	<u>604,721</u>	<u>(38,995)</u>
Fund balance - ending	<u>\$ 678,567</u>	<u>\$ 694,322</u>	<u>\$ 671,466</u>	<u>\$ (22,856)</u>

Park City Municipal Corporation, Utah
Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<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	\$ 7,150,207	\$ 6,200,000	\$ 7,159,183	\$ 959,183
Intergovernmental	410,000	1,950,000	2,953,385	1,003,385
Investment income	-	20,000	604,765	584,765
Impact fees	1,165,000	355,000	432,381	77,381
Miscellaneous	7,532,500	32,482,546	1,007,073	(31,475,473)
Total revenues	<u>16,257,707</u>	<u>41,007,546</u>	<u>12,156,787</u>	<u>(28,850,759)</u>
Expenditures				
Capital outlay				
Land and building acquisition	1,100,000	43,579,966	29,807,939	13,772,027
Street and storm drain improvements	1,490,000	1,539,120	1,084,377	454,743
Building renovation and construction	557,709	6,879,784	1,519,745	5,360,039
Improvements other than building	6,818,194	31,624,177	3,200,112	28,424,065
City parks and cemetery improvements	100,000	515,134	90,948	424,186
Equipment	366,987	937,197	92,435	844,762
Total expenditures	<u>10,432,890</u>	<u>85,075,378</u>	<u>35,795,556</u>	<u>49,279,822</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,824,817</u>	<u>(44,067,832)</u>	<u>(23,638,769)</u>	<u>20,429,063</u>
Other financing sources (uses)				
Sale of capital assets	-	1,886,500	3,490,905	1,604,405
Transfers in	-	33,203,271	33,203,271	-
Transfers out	(1,288,297)	(3,352,716)	(3,352,716)	-
Total other financing sources (uses)	<u>(1,288,297)</u>	<u>31,737,055</u>	<u>33,341,460</u>	<u>1,604,405</u>
Net change in fund balance	4,536,520	(12,330,777)	9,702,691	22,033,468
Fund balance - beginning	<u>35,280,427</u>	<u>79,638,774</u>	<u>31,249,751</u>	<u>(48,389,023)</u>
Fund balance - ending	<u>\$ 39,816,947</u>	<u>\$ 67,307,997</u>	<u>\$ 40,952,442</u>	<u>\$ (26,355,555)</u>

Park City Municipal Corporation, Utah
Lower Park Avenue Redevelopment Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<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	\$ 595,212	\$ 595,212	\$ 635,653	\$ 40,441
Contributions from other governments	1,818,580	1,818,580	2,128,057	309,477
Investment income	-	-	16,432	16,432
Total revenues	<u>2,413,792</u>	<u>2,413,792</u>	<u>2,780,142</u>	<u>366,350</u>
Expenditures				
Economic development	<u>807,989</u>	<u>807,989</u>	<u>603,312</u>	<u>204,677</u>
Excess of revenues over expenditures	<u>1,605,803</u>	<u>1,605,803</u>	<u>2,176,830</u>	<u>571,027</u>
Other financing uses-transfers out	<u>(1,641,125)</u>	<u>(1,641,125)</u>	<u>(1,641,125)</u>	<u>-</u>
Net change in fund balances	(35,322)	(35,322)	535,705	571,027
Fund balance - beginning	<u>251,553</u>	<u>322,354</u>	<u>323,645</u>	<u>1,291</u>
Fund balance - ending	<u><u>\$ 216,231</u></u>	<u><u>\$ 287,032</u></u>	<u><u>\$ 859,350</u></u>	<u><u>\$ 572,318</u></u>

Park City Municipal Corporation, Utah
Main Street Redevelopment Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<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	\$ 324,160	\$ 324,160	\$ 293,889	\$ (30,271)
Contributions from other governments	917,840	917,840	983,888	66,048
Investment income	-	-	11,529	11,529
Total revenues	<u>1,242,000</u>	<u>1,242,000</u>	<u>1,289,306</u>	<u>47,306</u>
Expenditures				
Economic development	<u>485,000</u>	<u>485,000</u>	<u>267,276</u>	<u>217,724</u>
Excess of revenues over expenditures	<u>757,000</u>	<u>757,000</u>	<u>1,022,030</u>	<u>265,030</u>
Other financing uses-transfers out	<u>(752,000)</u>	<u>(752,000)</u>	<u>(752,000)</u>	<u>-</u>
Net change in fund balances	5,000	5,000	270,030	265,030
Fund balance - beginning	<u>265,447</u>	<u>460,052</u>	<u>461,955</u>	<u>1,903</u>
Fund balance - ending	<u>\$ 270,447</u>	<u>\$ 465,052</u>	<u>\$ 731,985</u>	<u>\$ 266,933</u>

Park City Municipal Corporation, Utah
Lower Park Avenue Redevelopment Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 12,741	\$ 12,741
Expenditures				
Capital outlay				
Land and building acquisition	-	15,550	481,247	(465,697)
Street and storm drain improvements	-	39,845	-	39,845
Building renovation and construction	-	4,547,688	2,053,363	2,494,325
Improvements other than building	1,196,000	900,394	80,507	819,887
City parks and cemetery improvements	100,000	382,241	28,300	353,941
Total expenditures	<u>1,296,000</u>	<u>5,885,718</u>	<u>2,643,417</u>	<u>3,242,301</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,296,000)</u>	<u>(5,885,718)</u>	<u>(2,630,676)</u>	<u>3,255,042</u>
Other financing sources (uses)				
Debt issuance	-	-	-	-
Proceeds from sale of assets	10,965,551	1,981,900	1,981,900	-
Transfers in	1,641,125	1,641,125	1,641,125	-
Transfers out	-	(705,325)	(705,325)	-
Total other financing sources (uses)	<u>12,606,676</u>	<u>2,917,700</u>	<u>2,917,700</u>	<u>-</u>
Net change in fund balance	11,310,676	(2,968,018)	287,024	3,255,042
Fund balance - beginning	<u>61,453</u>	<u>23,654,658</u>	<u>741,825</u>	<u>(22,912,833)</u>
Fund balance - ending	<u>\$ 11,372,129</u>	<u>\$ 20,686,640</u>	<u>\$ 1,028,849</u>	<u>\$ (19,657,791)</u>

Park City Municipal Corporation, Utah
Main Street Redevelopment Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 17,021	\$ 17,021
Expenditures				
Capital outlay				
Improvements other than building	450,000	520,062	12,159	507,903
Equipment	-	100,000	83,536	16,464
Total expenditures	<u>450,000</u>	<u>620,062</u>	<u>95,695</u>	<u>524,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(450,000)</u>	<u>(620,062)</u>	<u>(78,674)</u>	<u>541,388</u>
Other financing sources (uses)				
Transfers in	752,000	752,000	752,000	-
Transfers out	(809,490)	(809,490)	(809,490)	-
Total other financing (uses)	<u>(57,490)</u>	<u>(57,490)</u>	<u>(57,490)</u>	<u>-</u>
Net change in fund balance	(507,490)	(677,552)	(136,164)	541,388
Fund balance - beginning	<u>1,106,080</u>	<u>1,354,063</u>	<u>1,212,938</u>	<u>(141,125)</u>
Fund balance - ending	<u>\$ 598,590</u>	<u>\$ 676,511</u>	<u>\$ 1,076,774</u>	<u>\$ 400,263</u>

Park City Municipal Corporation, Utah
Municipal Building Authority Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 6,155	\$ 6,155
Expenditures				
Capital outlay-improvements other than building	-	1,430	1,430	-
Excess (deficiency) of revenues over (under) expenditures	-	(1,430)	4,725	6,155
Net change in fund balance	-	(1,430)	4,725	6,155
Fund balance - beginning	419,900	424,914	426,605	1,691
Fund balance - ending	<u>\$ 419,900</u>	<u>\$ 423,484</u>	<u>\$ 431,330</u>	<u>\$ 7,846</u>

Park City Municipal Corporation, Utah
Equipment Replacement Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Capital outlay - equipment	\$ 1,228,700	\$ 2,196,425	\$ 516,654	\$ 1,679,771
Other financing sources				
Sale of capital assets	-	-	80,989	80,989
Transfers in	1,073,700	1,073,700	1,073,700	-
Total other financing sources	1,073,700	1,073,700	1,154,689	80,989
Net change in fund balance	(155,000)	(1,122,725)	638,035	1,760,760
Fund balance - beginning	255,855	2,325,436	1,352,711	(972,725)
Fund balance - ending	<u>\$ 100,855</u>	<u>\$ 1,202,711</u>	<u>\$ 1,990,746</u>	<u>\$ 788,035</u>

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing and operations of services provided to various City departments and other governments, on a cost-reimbursement basis. Included are:

Fleet Services Fund: Fleet Services Fund accounts for the cost of storage, repair and maintenance of City-owned vehicles.

Self-Insurance Fund: Self-Insurance Fund accounts for the establishment of a self-insurance program.

Park City Municipal Corporation, Utah
Combining Statement of Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2018

	<u>Fleet Services Fund</u>	<u>Self- Insurance Fund</u>	<u>Total</u>
Assets			
Current assets:			
Cash, cash equivalents and investments	\$ 1,148,852	\$ 1,379,482	\$ 2,528,334
Accounts receivable	88,578	8,685	97,263
Inventories	243,570	-	243,570
Total current assets	<u>1,481,000</u>	<u>1,388,167</u>	<u>2,869,167</u>
Capital assets			
Vehicles and equipment	47,450	-	47,450
Accumulated depreciation	<u>(47,450)</u>	<u>-</u>	<u>(47,450)</u>
Net capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,481,000</u>	<u>1,388,167</u>	<u>2,869,167</u>
Deferred outflows of resources			
Deferred outflows of resources related to pensions	269,680	-	269,680
Total deferred outflows of resources	<u>269,680</u>	<u>-</u>	<u>269,680</u>
Liabilities			
Current liabilities:			
Accounts payable	199,392	224,523	423,915
Accrued liabilities	10,426	-	10,426
Compensated absences	11,232	-	11,232
Total current liabilities	<u>221,050</u>	<u>224,523</u>	<u>445,573</u>
Noncurrent liabilities:			
Compensated absences	60,040	-	60,040
Net pension liability	272,364	-	272,364
Total noncurrent liabilities	<u>332,404</u>	<u>-</u>	<u>332,404</u>
Total liabilities	<u>553,454</u>	<u>224,523</u>	<u>777,977</u>
Deferred inflows of resources			
Deferred inflows of resources related to pensions	318,594	-	318,594
Total deferred inflows of resources	<u>318,594</u>	<u>-</u>	<u>318,594</u>
Total net position-unrestricted	<u>\$ 878,632</u>	<u>\$ 1,163,644</u>	<u>\$ 2,042,276</u>

Park City Municipal Corporation, Utah
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2018

	Fleet Services Fund	Self- Insurance Fund	Total
Operating revenues-charges for services	<u>\$ 2,565,000</u>	<u>\$ 1,160,556</u>	<u>\$ 3,725,556</u>
Operating expenses			
Salaries and benefits	979,286	-	979,286
Supplies, maintenance and services	719,021	790,832	1,509,853
Energy and utilities	<u>829,582</u>	<u>-</u>	<u>829,582</u>
Total operating expenses	<u>2,527,889</u>	<u>790,832</u>	<u>3,318,721</u>
Income from operations and change in net position	<u>37,111</u>	<u>369,724</u>	<u>406,835</u>
Net position - beginning	1,001,800	793,920	1,795,720
Adjustment	<u>(160,279)</u>	<u>-</u>	<u>(160,279)</u>
Net position - beginning, as adjusted	<u>841,521</u>	<u>793,920</u>	<u>1,635,441</u>
Net position - ending	<u><u>\$ 878,632</u></u>	<u><u>\$ 1,163,644</u></u>	<u><u>\$ 2,042,276</u></u>

Park City Municipal Corporation, Utah
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2018

	Fleet Services Fund	Self- Insurance Fund	Total
Cash flows from operating activities			
Receipts from customers	\$ 2,579,416	\$ 1,151,871	\$ 3,731,287
Payments to suppliers	(1,449,637)	(1,102,413)	(2,552,050)
Payments to employees	(1,004,959)	-	(1,004,959)
Net cash provided by operating activities	<u>124,820</u>	<u>49,458</u>	<u>174,278</u>
 Net increase in cash, cash equivalents and investments	 124,820	 49,458	 174,278
 Balances—beginning of the year	 1,024,032	 1,330,024	 2,354,056
 Balances—end of the year	 <u>\$ 1,148,852</u>	 <u>\$ 1,379,482</u>	 <u>\$ 2,528,334</u>
 Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 37,111	\$ 369,724	\$ 406,835
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
Receivables, net	14,416	(8,685)	5,731
Inventories	(51,290)	-	(51,290)
Accounts and other payables	147,438	(311,581)	(164,143)
Accrued expenses	(22,855)	-	(22,855)
 Net cash provided by operating activities	 <u>\$ 124,820</u>	 <u>\$ 49,458</u>	 <u>\$ 174,278</u>

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

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

	Fiscal Year									
	2009	2010	2011	2012 (1)	2013	2014 (1)	2015	2016 (1)	2017 (1)	2018
Governmental activities										
Net investment in capital assets	\$ 104,268,572	\$ 126,232,311	\$ 133,919,927	\$ 136,071,293	\$ 142,887,371	\$ 150,053,024	\$ 159,315,342	\$ 169,437,708	\$ 182,684,418	\$ 190,028,413
Restricted	16,373,427	8,409,654	4,523,349	1,300,187	756,943	6,914,189	12,914,983	7,923,222	7,608,790	13,011,345
Unrestricted	46,530,239	40,053,884	39,298,940	43,625,788	42,124,211	31,427,218	25,315,602	34,627,889	31,690,122	38,691,202
Total governmental activities net position	<u>\$ 167,172,238</u>	<u>\$ 174,695,849</u>	<u>\$ 177,742,216</u>	<u>\$ 180,997,268</u>	<u>\$ 185,768,525</u>	<u>\$ 188,394,431</u>	<u>\$ 197,545,927</u>	<u>\$ 211,988,819</u>	<u>\$ 221,983,330</u>	<u>\$ 241,730,960</u>
Business-type activities										
Net investment in capital assets	\$ 36,546,622	\$ 45,544,573	\$ 51,237,710	\$ 56,867,717	\$ 57,738,180	\$ 58,889,312	\$ 61,064,884	\$ 64,172,905	\$ 91,043,049	\$ 104,256,756
Restricted	9,254,588	22,052,008	9,905,734	4,625,572	7,168,903	5,103,868	5,104,841	5,128,238	5,149,566	5,186,969
Unrestricted	17,152,620	234,871	11,465,665	18,103,004	16,869,063	20,587,531	24,110,275	22,449,523	21,356,820	13,415,099
Total business-type activities net position	<u>\$ 62,953,830</u>	<u>\$ 67,831,452</u>	<u>\$ 72,609,109</u>	<u>\$ 79,596,293</u>	<u>\$ 81,776,146</u>	<u>\$ 84,580,711</u>	<u>\$ 90,280,000</u>	<u>\$ 91,750,666</u>	<u>\$ 117,549,435</u>	<u>\$ 122,858,824</u>
Primary government										
Net investment in capital assets	\$ 140,815,194	\$ 171,776,884	\$ 185,157,637	\$ 192,939,010	\$ 200,625,551	\$ 208,942,336	\$ 220,380,226	\$ 233,610,613	\$ 273,727,467	\$ 294,285,169
Restricted	25,628,015	30,461,662	14,429,083	5,925,759	7,925,846	12,018,057	18,019,824	13,051,460	12,758,356	18,198,314
Unrestricted	63,682,859	40,288,755	50,764,605	61,728,792	58,993,274	52,014,749	49,425,877	57,077,412	53,046,942	52,106,301
Total primary government net position	<u>\$ 230,126,068</u>	<u>\$ 242,527,301</u>	<u>\$ 250,351,325</u>	<u>\$ 260,593,561</u>	<u>\$ 267,544,671</u>	<u>\$ 272,975,142</u>	<u>\$ 287,825,927</u>	<u>\$ 303,739,485</u>	<u>\$ 339,532,765</u>	<u>\$ 364,589,784</u>

Notes:
(1) Restated.

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

	Fiscal Year									
	2009	2010	2011	2012 (1)	2013	2014 (1)	2015	2016 (1)	2017 (1)	2018
Expenses										
Governmental activities:										
General government	\$ 15,340,741	\$ 15,424,562	\$ 13,876,694	\$ 16,418,511	\$ 15,410,428	\$ 17,971,342	\$ 19,233,343	\$ 19,676,565	\$ 21,909,746	\$ 21,793,758
Public safety	4,243,055	4,410,647	4,523,175	4,749,019	5,005,854	5,023,548	5,270,197	5,705,960	6,254,164	6,736,639
Public works	8,464,545	8,186,146	7,539,516	7,120,275	7,225,061	7,053,923	6,967,243	7,088,647	7,263,125	7,209,164
Library and recreation	3,234,338	3,252,784	3,146,783	3,707,452	4,194,025	4,408,912	4,618,338	5,671,823	5,843,178	5,726,489
Interest on long-term debt	1,767,188	2,213,998	2,039,807	1,812,222	1,588,388	1,552,101	1,285,952	1,456,433	1,366,939	2,537,159
Total governmental activities expenses	<u>33,049,867</u>	<u>33,488,137</u>	<u>31,125,975</u>	<u>33,807,479</u>	<u>33,423,756</u>	<u>36,009,826</u>	<u>37,375,073</u>	<u>39,599,428</u>	<u>42,637,152</u>	<u>44,003,209</u>
Business-type activities:										
Water	7,895,070	9,220,606	9,168,368	9,828,676	10,980,949	11,678,822	11,870,125	12,934,161	13,086,302	13,314,440
Stormwater	-	-	-	-	-	-	-	-	1,162,202 (10)	921,138
Transportation and parking	7,167,411	9,406,997	8,433,607	9,243,798	9,608,636	10,378,982	10,804,211	11,801,545	13,848,109	19,435,515
Golf course	1,280,080	1,182,865	1,291,645	1,394,404	1,415,478	1,441,498	1,512,330	1,541,601	1,546,036	1,711,826
Total business-type activities expenses	<u>16,342,561</u>	<u>19,810,468</u>	<u>18,893,620</u>	<u>20,466,878</u>	<u>22,005,063</u>	<u>23,499,302</u>	<u>24,186,666</u>	<u>26,277,307</u>	<u>29,642,649</u>	<u>35,382,919</u>
Total primary government expenses	<u>\$ 49,392,428</u>	<u>\$ 53,298,605</u>	<u>\$ 50,019,595</u>	<u>\$ 54,274,357</u>	<u>\$ 55,428,819</u>	<u>\$ 59,509,128</u>	<u>\$ 61,561,739</u>	<u>\$ 65,876,735</u>	<u>\$ 72,279,801</u>	<u>\$ 79,386,128</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 3,120,334	\$ 1,535,425	\$ 1,959,149	\$ 2,072,172	\$ 2,388,214	\$ 3,907,142	\$ 4,718,626	\$ 3,734,852	\$ 3,668,799	\$ 4,724,514
Public safety	1,695	2,550	2,700	6,593	12,313	100	-	3,996	9,685	2,880
Public works	249,405	201,643	219,843	222,708	246,390	190,022	224,820	200,761	174,917	189,117
Library and recreation	1,236,024	1,107,536	836,328	1,142,700	1,287,791	1,309,934	1,210,362	1,295,132	1,253,491	1,356,186
Operating grants and contributions	111,044	88,142	126,759	151,111	350,352	165,147	121,866	145,704	187,166	161,075
Capital grants and contributions	3,163,329	8,827,676	649,032	1,476,472	1,073,924	1,879,881	2,479,239	324,650	2,652,254	9,028,885
Total governmental activities program revenues	<u>7,881,831</u>	<u>11,762,972</u>	<u>3,793,811</u>	<u>5,071,756</u>	<u>5,358,984</u>	<u>7,452,226</u>	<u>8,754,913</u>	<u>5,705,095</u>	<u>7,946,312</u>	<u>15,462,657</u>
Business-type activities:										
Charges for services										
Water	7,233,359	7,370,380	8,416,666	9,915,490	12,242,653	13,171,473	14,176,728	15,205,729	17,237,175	17,924,616
Stormwater	-	-	-	-	-	-	-	-	979,419 (10)	1,277,767
Transportation and parking	3,421,979	3,842,616	3,495,838	3,487,939	3,977,883	3,895,008	4,255,752	4,497,989	5,227,316	9,789,087
Golf course	994,049	843,621	878,237	1,033,286	1,102,133	1,056,248	1,105,882	1,139,839	1,153,794	1,203,560
Operating grants and contributions	1,186,122	3,219,683	-	3,681,732	-	1,649,174	1,602,990	-	2,813,864	2,307,083
Capital grants and contributions	4,095,971	4,449,296	6,367,580	4,856,335	2,373,881	3,353,572	4,186,198	1,956,426	14,612,633	2,439,682
Total business-type activities program revenues	<u>16,931,480</u>	<u>19,725,596</u>	<u>19,158,321</u>	<u>22,974,782</u>	<u>19,696,550</u>	<u>23,125,475</u>	<u>25,327,550</u>	<u>22,799,983</u>	<u>42,024,201</u>	<u>34,941,795</u>
Total primary government program revenues	<u>\$ 24,813,311</u>	<u>\$ 31,488,568</u>	<u>\$ 22,952,132</u>	<u>\$ 28,046,538</u>	<u>\$ 25,055,534</u>	<u>\$ 30,577,701</u>	<u>\$ 34,082,463</u>	<u>\$ 28,505,078</u>	<u>\$ 49,970,513</u>	<u>\$ 50,404,452</u>
Net (expense)/revenue										
Governmental activities	\$ (25,168,036)	\$ (21,725,165)	\$ (27,332,164)	\$ (28,735,723)	\$ (28,064,772)	\$ (28,557,600)	\$ (28,620,160)	\$ (33,894,333)	\$ (34,690,840)	\$ (28,540,552)
Business-type activities	588,919	(84,872)	264,701	2,507,904	(2,308,513)	(373,827)	1,140,884	(3,477,324)	12,381,552	(441,124)
Total primary government net expense	<u>\$ (24,579,117)</u>	<u>\$ (21,810,037)</u>	<u>\$ (27,067,463)</u>	<u>\$ (26,227,819)</u>	<u>\$ (30,373,285)</u>	<u>\$ (28,931,427)</u>	<u>\$ (27,479,276)</u>	<u>\$ (37,371,657)</u>	<u>\$ (22,309,288)</u>	<u>\$ (28,981,676)</u>

	Fiscal Year										
	2009	2010	2011	2012 (1)	2013	2014 (1)	2015	2016 (1)	2017 (1)	2018	
General Revenues and Other Changes in Net Position											
Governmental activities:											
Taxes											
Property tax, levied for general purposes	\$ 11,003,476	\$ 11,921,879	\$ 12,442,798	\$ 13,797,851	\$ 13,587,385	\$ 12,772,297	\$ 12,809,892	\$ 14,755,299	\$ 14,350,265	\$ 14,686,693	
Property tax, levied for debt service	2,211,909	4,009,000	4,570,315	4,580,904	4,577,873	5,082,714	5,321,592	3,723,453	4,220,158	6,432,184	
General sales and use tax	3,881,142	3,990,274	3,966,554	4,125,435	4,187,472	4,347,534	4,731,904	5,180,094	5,620,687	5,915,331	
Franchise tax	2,720,272	2,774,319	2,906,982	2,816,070	3,037,407	3,158,716	3,061,207	3,185,820	3,194,392	3,147,847	
Resort tax	4,709,483	4,483,804	5,022,250	5,443,231	5,983,636	9,151,788	10,066,040	11,154,870	12,253,267	14,491,767	
Investment earnings	1,646,364	753,587	399,928	283,191	258,657	348,090	261,735	434,588	582,208	1,122,856	
Miscellaneous	874,055	1,124,367	1,022,968	944,093	1,203,599	1,594,150	804,286	492,730	4,856,960	1,776,504	
Gain/Loss on sale of capital assets	(46,785)	-	215,705	-	-	-	-	1,328,784	-	-	
Transfers	-	(1,132,821)	(168,969)	-	-	-	715,000	715,000	(7,534,613)	715,000	
Total governmental activities	26,999,916	27,924,409	30,378,531	31,990,775	32,836,029	36,455,289	37,771,656	40,970,638	37,543,324	48,288,182	
Business-type activities:											
General sales and use tax	2,436,838	3,127,767	3,503,440	3,798,125	3,868,264	4,019,133	4,398,879	4,877,098	5,233,194	5,617,865	
Investments earnings	543,562	339,629	438,221	247,058	196,237	358,535	367,709	327,289	402,924	372,627	
Miscellaneous	287,241	362,277	402,326	434,097	423,865	497,745	506,817	458,603	456,419	475,021	
Transfers	-	1,132,821	168,969	-	-	-	(715,000)	(715,000)	7,534,613	(715,000)	
Total business-type activities	3,267,641	4,962,494	4,512,956	4,479,280	4,488,366	4,875,413	4,558,405	4,947,990	13,627,150	5,750,513	
Total primary government	\$ 30,267,557	\$ 32,886,903	\$ 34,891,487	\$ 36,470,055	\$ 37,324,395	\$ 41,330,702	\$ 42,330,061	\$ 45,918,628	\$ 51,170,474	\$ 54,038,695	
Change in Net Position											
Governmental activities	\$ 1,831,880	\$ 6,199,244	(2) \$ 3,046,367	(3) \$ 3,255,052	\$ 4,771,257	\$ 7,897,689	(4) \$ 9,151,496	\$ 7,076,305	(7) \$ 2,852,484	(11) \$ 19,747,630	(14)
Adjustment to governmental activities net position	-	-	-	-	-	(5,271,783)	(5) -	7,366,587	(9) 7,142,027	(13) -	-
Business-type activities	3,856,560	4,877,622	4,777,657	6,987,184	2,179,853	4,501,586	5,699,289	1,470,666	(8) 26,008,702	(12) 5,309,389	(15)
Adjustment to business-type activities net position	-	-	-	-	-	(1,697,021)	(5) -	-	(13) (209,933)	-	-
Total primary government	\$ 5,688,440	\$ 11,076,866	\$ 7,824,024	\$ 10,242,236	\$ 6,951,110	\$ 5,430,471	\$ 14,850,785	\$ 15,913,558	\$ 35,793,280	\$ 25,057,019	

Notes:

- (1) Restated.
- (2) Increase in governmental activities net position is due to increases in capitalizable grants and contributions.
- (3) Decrease in governmental activities net position is due to decreases in capitalizable grants and contributions.
- (4) Increase in governmental activities net position is due to increases in resort tax collected.
- (5) Fiscal year 2015 - Implemented GASB 68, Accounting and Financial Reporting for Pensions, required restatement of fiscal year 2014.
- (6) Increase in total primary government net position is due to restatement of fiscal year 2014 for the implementation of GASB 68.
- (7) Decrease in governmental activities net position is due to increased expenses in general government and decreases in capital grants and contributions.
- (8) Decrease in business-type activities net position is due to increased expenses in water and transportation and decreases in operating and capital grants and contributions.
- (9) Fiscal year 2017 - Capital asset adjustment, required restatement of fiscal year 2016.
- (10) Stormwater fund was added in fiscal year 2017.
- (11) Decrease in governmental activities net position is due to increased capital outlay.
- (12) Increase in business-type activities net position is due to increases in capitalizable grants and contributions.
- (13) Fiscal year 2018 - Capital asset adjustment, required restatement of fiscal year 2017.
- (14) Increase in governmental activities net position is due to increases in capitalizable grants and contributions and increases in tax revenues.
- (15) Decrease in business-type activities net position is due to decreases in capitalizable grants and contributions.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Unreserved, undesignated	\$ 3,747,296	\$ 3,894,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable										
Interfund loan	-	-	-	-	-	-	-	-	-	86,867
Inventory	-	-	-	-	-	-	-	-	-	50,719
Unassigned	-	-	4,209,020	4,011,625	5,515,127	6,670,716	6,836,193	6,779,674	7,497,277	7,730,233
Restricted - Drug and tobacco enforcement	-	-	31,258	36,517	47,776	46,402	47,201	48,640	59,674	57,571
Total general fund	<u>\$ 3,747,296</u>	<u>\$ 3,894,972</u>	<u>\$ 4,240,278</u>	<u>\$ 4,048,142</u>	<u>\$ 5,562,903</u>	<u>\$ 6,717,118</u>	<u>\$ 6,883,394</u>	<u>\$ 6,828,314</u>	<u>\$ 7,556,951</u>	<u>\$ 7,925,390</u>
All other governmental funds										
Reserved										
Major capital projects funds-capital projects	\$ 11,384,726	\$ 6,608,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Major debt service funds-capital projects	4,104,881	1,115,930	-	-	-	-	-	-	-	-
Major debt service	204,089	3,880	-	-	-	-	-	-	-	-
Nonmajor debt service funds-debt service	679,731	680,861	-	-	-	-	-	-	-	-
Unreserved, designated										
Major capital projects funds	40,220,685 (1)	26,618,929 (1)	-	-	-	-	-	-	-	-
Nonmajor capital projects funds	1,798,846	1,948,358	-	-	-	-	-	-	-	-
Major debt service funds	647,183	1,084,351	-	-	-	-	-	-	-	-
Nonmajor debt service funds	198,251	203,868	-	-	-	-	-	-	-	-
Unreserved, undesignated										
Major capital projects funds	5,250,664	6,496,859	-	-	-	-	-	-	-	-
Major debt service funds	(2,384,282)	-	-	-	-	-	-	-	-	-
Nonmajor capital projects funds	570,697	1,215,873	-	-	-	-	-	-	-	-
Restricted for:										
Capital projects	-	-	4,490,602 (2)	1,261,260	708,350	6,866,835	12,779,745	7,872,086	7,545,300	12,804,288
Debt service	-	-	1,489	2,410	817	952	88,037	2,496	3,816	11,900
Assigned:										
Capital projects funds	-	-	34,536,547	-	-	-	-	-	-	-
Debt service funds	-	-	1,537,118	-	-	-	-	-	-	-
Committed:										
Capital projects funds	-	-	-	31,635,190	31,470,751	32,340,968	29,882,740	34,849,188	28,665,290	38,875,896
Debt service funds	-	-	-	1,713,903	1,480,633	1,557,901	2,236,514	1,816,767	1,778,077	1,856,470
Special revenue funds	-	-	-	-	-	-	-	516,758	785,600	1,591,335
Total all other governmental funds	<u>\$ 62,675,471</u>	<u>\$ 45,977,892</u>	<u>\$ 40,565,756</u>	<u>\$ 34,612,763</u>	<u>\$ 33,660,551</u>	<u>\$ 40,766,656</u>	<u>\$ 44,987,036</u>	<u>\$ 45,057,295</u>	<u>\$ 38,778,083</u>	<u>\$ 55,139,889</u>

Notes:

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes and special assessments	\$ 24,523,906	\$ 27,038,657	\$ 28,939,586	\$ 30,705,261	\$ 31,399,695	\$ 34,486,284	\$ 33,269,379	\$ 35,194,462	\$ 36,830,205	\$ 41,592,343
Licenses and permits	1,702,201	808,055	1,067,438	1,166,721	1,446,142	2,611,576	3,025,886	2,462,374	2,464,561	3,390,668
Intergovernmental	601,868	690,912	775,791	627,433	1,404,276	1,818,822	5,346,423	3,288,064	4,044,959	6,214,905
Charges for services	1,785,328	1,705,148	1,526,455	1,910,119	2,017,593	2,194,197	2,071,230	2,119,339	2,115,794	2,225,204
Fines and forfeitures	43,825	40,562	28,833	29,404	35,342	21,648	14,206	26,902	42,834	35,327
Investment income	1,646,364	753,587	399,928	283,191	258,657	348,090	261,735	434,588	582,208	1,122,856
Impact fees	844,074	109,553	191,521	133,421	201,235	397,737	817,666	425,365	308,786	432,381
Rental and other miscellaneous	2,017,353	2,843,770	2,104,193	2,366,777	1,476,317	1,912,540	2,873,179	1,546,004	5,041,320	2,496,363
Total revenues	33,164,919	33,990,244	35,033,745	37,222,327	38,239,257	43,790,894	47,679,704	45,497,098	51,430,667	57,510,047
Expenditures										
General government	9,290,488	9,926,208	10,717,351	11,260,367	11,381,542	12,086,576	13,653,938	14,604,316	15,005,872	16,235,727
Public safety	3,929,574	4,118,458	4,266,143	4,498,776	4,687,516	4,684,672	4,953,544	5,349,433	5,970,451	6,392,525
Public works	4,464,352	4,366,909	4,422,633	4,718,003	4,835,958	4,643,828	4,718,959	4,878,647	5,194,880	5,648,653
Library and recreation	2,581,640	2,608,012	2,534,737	2,839,500	3,164,535	3,361,464	3,495,302	3,824,435	4,080,211	4,237,835
Debt Service										
Principal retirement	5,171,070	5,955,275	5,349,796	5,424,637	4,664,880	5,220,496	18,086,533	5,118,024	4,850,000	8,625,000
Interest	1,674,501	2,065,562	2,066,631	1,835,199	1,661,003	1,616,778	1,528,829	1,788,808	1,615,725	2,827,016
Bond issuance costs	261,213	137,262	51,663	-	-	123,931	503,979	-	155,239	223,553
Arbitrage rebate	-	31,874	-	-	-	-	-	-	-	-
Capital outlay	35,150,900	33,827,783	12,847,882	17,073,402	8,517,860	13,923,767	26,614,261	11,953,996	51,844,299	39,052,752
Economic development	-	-	-	-	-	-	405,435	951,268	864,697	870,588
Total expenditures	62,523,738	63,037,343	42,256,836	47,649,884	38,913,294	45,661,512	73,960,780	48,468,927	89,581,374	84,113,649
Revenues (under) expenditures	(29,358,819)	(29,047,099)	(7,223,091)	(10,427,557)	(674,037)	(1,870,618)	(26,281,076)	(2,971,829)	(38,150,707)	(26,603,602)
Other financing sources (uses)										
Debt issuance	24,477,505	6,092,683	-	-	-	7,170,000	16,975,000	-	25,000,000	31,940,000
Refunding bonds issued	1,695,000	2,025,000	1,525,000	-	-	1,930,000	10,110,000	-	-	-
Payment to refunded bondholders	(1,695,000)	-	(2,655,000)	-	-	(1,930,000)	-	-	-	-
Payment to refunded bond escrow agent	-	(2,055,334)	-	-	-	-	-	-	-	-
Premium on debt issuance	270,712	89,739	-	-	-	92,774	773,546	-	2,863,698	3,287,871
Premium on refunding bonds	-	59,922	33,592	-	-	50,769	673,841	-	-	-
Payment received on note	-	-	-	-	-	1,375,000	-	-	-	-
Discount on debt issuance	(25,209)	-	-	-	-	-	-	-	-	-
Sale of capital assets	16,515	4,155,231	1,124,436	2,290,798	17,586	146,554	23,811	755,648	2,363,887	5,553,794
Transfers in	30,892,855	12,836,826	6,595,012	6,424,043	4,731,710	10,978,139	19,728,745	11,965,394	36,237,414	44,274,635
Transfers out	(28,768,442)	(10,706,871)	(4,466,779)	(4,432,413)	(3,512,710)	(9,682,298)	(17,617,211)	(9,734,034)	(33,864,867)	(41,722,453)
Total other financing sources	26,863,936	12,497,196	2,156,261	4,282,428	1,236,586	10,130,938	30,667,732	2,987,008	32,600,132	43,333,847
Net change in fund balances	\$ (2,494,883)	\$ (16,549,903)	\$ (5,066,830)	\$ (6,145,129)	\$ 562,549	\$ 8,260,320	\$ 4,386,656	\$ 15,179	\$ (5,550,575)	\$ 16,730,245
Debt Service as a percentage of noncapital expenditures	21%	24%	23%	21%	19%	19%	40%	17%	20%	34%

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

Fiscal Year	Property Tax	Sales and Use Tax	Franchise Tax	Resort Tax	Total
2009	\$ 9,148,584	\$ 3,881,142	\$ 2,720,272	\$ 4,709,483	\$ 20,459,481
2010	11,750,185	3,990,274	2,774,319	4,483,804	22,998,582
2011	13,217,398	3,966,554	2,906,982	3,022,250	23,113,184
2012	14,545,369	4,125,435	2,816,070	3,643,231	25,130,105
2013	14,601,807	4,187,472	3,037,407	3,461,728	25,288,414
2014	14,361,738	4,347,534	3,158,716	2,966,879	24,834,867
2015	14,590,197	4,731,904	3,061,207	2,676,858	25,060,166
2016	14,832,024	5,180,094	3,185,820	2,257,164	25,455,102
2017	14,953,711	5,620,687	3,194,392	4,242,815	28,011,605
2018	17,107,856	5,915,331	3,147,847	7,332,584	33,503,618
Change:					
2009-2018	87.0%	52.4%	15.7%	55.7%	63.8%

Note:

(1) Includes general fund and debt service funds.

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

<u>Calendar Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Miscellaneous Property</u>	<u>Total Assessed Value</u>	<u>Total Estimated Actual Value of Taxable Property</u>	<u>Total Direct Tax Rate</u>
2008	\$ 7,875,426	\$ 516,851	\$ 401,060	\$ 8,793,337	\$ 9,962,881	0.001779 %
2009	6,026,603	543,548	351,478	6,921,629	8,028,606	0.002148
2010	5,501,360	552,927	344,217	6,398,504	7,261,898	0.002130
2011	5,858,428	781,086	457,203	7,096,717	7,941,327	0.002236
2012	5,821,784	770,866	417,491	7,010,141	7,826,836	0.002197
2013	5,937,313	678,855	401,319	7,017,488	7,835,845	0.002131
2014	6,274,164	679,149	389,160	7,342,473	8,215,313	0.002067
2015	6,740,782	689,374	390,248	7,820,404	8,748,413	0.001972
2016	7,112,582	739,074	376,177	8,227,833	9,195,067	0.001884
2017	7,491,154	780,964	375,229	8,647,347	9,658,862	0.002059

Source: Utah State Tax Commission, Property Tax Division

Note:

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

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

<u>Calendar Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Miscellaneous Property</u>	<u>Fee-In-Lieu Value</u>		<u>Total Assessed Value</u>
2008	\$ 7,875,426	\$ 516,851	\$ 401,060	\$ 13,943		\$ 8,807,280
2009	6,026,603	543,548	351,478	11,815		6,933,444
2010	5,501,360	552,927	344,217	13,509		6,412,013
2011	5,858,428	781,086	457,203	12,755	(1)	7,109,472
2012	5,821,784	770,866	417,491	13,179		7,023,320
2013	5,937,313	678,855	401,319	13,820		7,031,308
2014	6,274,164	679,149	389,160	14,560		7,357,033
2015	6,740,782	689,374	390,248	14,252		7,834,656
2016	7,112,582	739,074	376,177	14,809		8,242,642
2017	7,491,154	780,964	375,229	14,814		8,662,161

Source: Utah State Tax Commission, Property Tax Division

Notes:

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

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

	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Apparel stores	\$ 23,627	\$ 19,710	\$ 21,833	\$ 25,919	\$ 24,069	\$ 22,927	\$ 25,777	\$ 35,245	\$ 34,510	\$ 65,299
Food stores	66,801	60,784	60,269	64,592	67,066	56,238	57,809	60,862	64,630	67,490
Sporting goods, hobby, book and music	33,633 (1)	29,779	35,891	40,163	38,638	40,609	40,524	43,363	45,380	47,282
Home furnishings and appliances	13,717	12,363	21,785	21,745	20,849	12,394	12,730	12,735	14,806	12,250
Building materials and farm tools	7,008	4,871	2,735	2,704	2,819	3,654	3,652	5,695	6,199	4,750
Miscellaneous retail stores	28,323	23,798	26,427	26,894	27,985	25,884	29,162	30,691	31,403	13,044
All other outlets	<u>11,156</u>	<u>6,953</u>	<u>3,698</u>	<u>3,484</u>	<u>3,674</u>	<u>4,452</u>	<u>4,329</u>	<u>4,283</u>	<u>5,240</u>	<u>1,989</u>
Total	\$ <u>184,265</u>	\$ <u>158,258</u>	\$ <u>172,638</u>	\$ <u>185,501</u>	\$ <u>185,100</u>	\$ <u>166,158</u>	\$ <u>173,983</u>	\$ <u>192,874</u>	\$ <u>202,168</u>	\$ <u>212,104</u>
City direct sales tax rate	2.40 %	2.40 %	2.40 %	2.40 %	2.40 %	2.90 %	2.90 %	2.90 %	2.90 %	3.15 %

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

Note:

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

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

Calendar Year	City Direct Rates			Overlapping Rates						Total Levy for Park City Residents
	Basic Rate	Debt Service	Total Direct	Summit County Levy	State Assessment/Collecting	Weber Basin Water	Park City Fire	Park City School	Summit Co. Mosquito Abatement	
2008	0.001125	0.000654	0.001779	0.000753	0.000182	0.000181	0.000846	0.003895	0.000034	0.007670
2009	0.001327	0.000821	0.002148	0.000746	0.000202	0.000188	0.000849	0.004018	0.000034	0.008185
2010	0.001389	0.000741	0.002130	0.000895	0.000228	0.000207	0.001070	0.004360	0.000040	0.008930
2011	0.001383	0.000853	0.002236	0.000924	0.000241	0.000217	0.001161	0.004405	0.000040	0.009224
2012	0.001431	0.000766	0.002197	0.000943	0.000239	0.000215	0.000987	0.004924	0.000041	0.009546
2013	0.001385	0.000746	0.002131	0.000909	0.000226	0.000210	0.000950	0.004630	0.000040	0.009096
2014	0.001248	0.000819	0.002067	0.000826	0.000222	0.000199	0.000907	0.004770	0.000038	0.009029
2015	0.001362	0.000610	0.001972	0.000767	0.000205	0.000199	0.000841	0.004461	0.000035	0.008480
2016	0.001304	0.000580	0.001884	0.000726	0.000191	0.000187	0.000793	0.004220	0.000033	0.008034
2017	0.001237	0.000822	0.002059	0.000680	0.000183	0.000174	0.000742	0.003951	0.000031	0.007820

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 Rates
Last Ten Calendar Years

<u>Calendar Year</u>	<u>City Direct Rate</u>	<u>Summit County</u>	<u>State of Utah</u>	<u>Total</u>
2009	2.40 %	0.35 %	4.70 %	7.45 %
2010	2.40	0.35	4.70	7.45
2011	2.40	0.35	4.70	7.45
2012	2.40	0.35	4.70	7.45
2013	2.90 (1)	0.35	4.70	7.95
2014	2.90	0.35	4.70	7.95
2015	2.90	0.35	4.70	7.95
2016	2.90	0.35	4.70	7.95
2017	3.15 (2)	0.60 (3)	4.70	8.45
2018	3.15	0.85 (4)	4.70	8.70

Source: Utah State Tax Commission

Notes:

- (1) Includes 0.50 percent Additional Resort Communities Sales and Use Tax implemented in calendar year 2013.
- (2) Includes 0.25 percent Additional Mass Transit Tax implemented in calendar year 2017.
- (3) Includes 0.25 percent County Option Transportation Tax implemented in calendar year 2017.
- (4) Includes 0.25 percent County Transportation Infrastructure Tax implemented in calendar year 2018.

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

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Talisker Empire Pass Hotel LLC (Montage)	\$ 202,580,000	1	2.20 %	\$ 28,000,000	3	0.41 %
Marriott Ownership Resorts	115,941,590	2	1.26	141,504,078	1	2.09
VR CPC Holdings Inc. (Vail Resorts)	31,736,817	3	0.35	-	-	-
Redus Park City LLC	27,058,160	4	0.29	-	-	-
Deer Valley Resort	26,261,770	5	0.29	43,108,727	2	0.64
Chateaux at Silver Lake	21,900,400	6	0.24	-	-	-
Silver Lake Development Corp.	19,540,360	7	0.21	-	-	-
HA Daisy Yoonhee Trustee	16,630,000	8	0.18	-	-	-
Various Timeshare Properties	16,275,000	9	0.18 (1)	-	-	-
AG-WIP 333 Main Street Owner LLC	15,557,750	10	0.17	-	-	-
Spring Canyon Associates	-	-	-	18,905,068	4	0.28
Sunshine Sidewinder LLC	-	-	-	13,206,018	5	0.19
Prospector Plaza	-	-	-	12,385,989	6	0.18
Yarrow Hotel	-	-	-	11,069,797	7	0.16
Snow Creek Center LLC	-	-	-	8,457,601	8	0.12
PacifiCorp	-	-	-	7,482,828	9	0.11
Park Meadows Club Inc.	-	-	-	6,219,961	10	0.09
Totals	\$ <u>493,481,847</u>		<u>5.37</u> %	\$ <u>290,340,067</u>		<u>4.27</u> %

Source: Summit County Treasurer and Park City Finance Department

Notes:

(1) Per Summit County, this is an accumulation of 98 properties.

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

Tax Year End 12/31	Original Levy (1)	Adjusted Levy	Collected Within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
			Amount (2)	Percent of Adjusted Levy		Amount (2)	Percent of Net Levy	
Summit County								
2008	\$ 9,714,765	\$ 9,682,178	\$ 8,972,113	92.67 %	\$ 710,065	\$ 9,674,827	99.92 %	
2009	12,401,579	12,194,585	11,379,638	93.32	814,947	12,182,628	99.90	
2010	12,984,657	12,918,445	12,060,672	93.36	857,773	12,899,839	99.86	
2011	12,750,981	14,170,463	13,579,302	95.83	591,161	14,147,531	99.84	
2012	14,655,626	14,650,150	13,275,742	90.62	1,368,069 (3)	14,643,811	99.96	
2013	14,236,860	14,370,289	13,637,854	94.90	720,856	14,358,710	99.92	
2014	14,451,389	14,602,592	13,714,698	93.92	879,744	14,594,442	99.94	
2015	14,747,175	14,862,169	14,731,910	99.12	111,730	14,843,640	99.88	
2016	14,856,934	14,971,905	14,908,200	99.57	44,179	14,952,379	99.87	
2017	17,140,149	17,267,842	17,167,415	99.42	-	17,167,415	99.42	
Wasatch County								
2008	\$ 193,390	\$ 157,195	\$ 157,195	100.00 %	\$ -	\$ 157,195	100.00 %	
2009	346,442	287,560	287,560	100.00	-	287,560	100.00	
2010	723,334	711,980	711,980	100.00	-	711,980	100.00	
2011	568,568	521,424	521,424	100.00	-	521,424	100.00	
2012	586,238	583,467	583,467	100.00	-	583,467	100.00	
2013	608,641	605,996	605,996	100.00	-	605,996	100.00	
2014	611,098	611,098	611,098	100.00	-	611,098	100.00	
2015	588,597	580,842	580,842	100.00	-	580,842	100.00	
2016	582,082	581,989	570,597	98.04	-	570,783	98.07	
2017	639,263	638,195	631,220	98.91	-	633,356	99.24	

Source: Summit and Wasatch County Annual Financial Reports.

Notes:

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

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

<u>Calendar Year Ended December 31,</u>	<u>Taxes Levied for the Calendar Year</u>	<u>Collected within the Calendar Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2008	\$ 9,839,373	\$ 9,129,308	92.78 %	\$ 710,065	\$ 9,832,022	99.93 %
2009	12,482,145	11,667,198	93.47	814,947	12,470,188	99.90
2010	13,630,425	12,772,652	93.71	857,773	13,611,819	99.86
2011	14,691,887	14,100,726	95.98	591,161	14,668,955	99.84
2012	15,233,617	13,859,209	90.98	1,368,069 (2)	15,227,278	99.96
2013	14,976,285	14,243,850	95.11	720,856	14,964,706	99.92
2014	15,213,690	14,325,796	94.16	879,744	15,205,540	99.95
2015	15,443,011	15,312,752	99.16	111,730	15,424,482	99.88
2016	15,553,894	15,478,797	99.52	44,179	15,523,162	99.80
2017	17,906,037	17,798,635	99.40	-	17,800,771	99.41

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

Notes:

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

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

Fiscal Year	Governmental Activities					Business-type Activities		Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Redevelopment Bonds	Sales Tax Increment Bonds (1)	Municipal Building Authority	Contracts Payable	Water Bonds (1)	Total Primary Government		
2009	\$ 36,015,000 (3)	\$ 3,100,000	\$ 13,235,000	\$ 2,102,298	\$ 529,660	\$ 9,443,000	\$ 64,424,955	2.97 %	\$ 8,073
2010	39,375,000 (5)	2,655,000	11,835,000	844,981	469,385	41,236,000 (4)	96,415,366	4.17	11,869
2011	36,135,000	-	11,915,000 (6)	244,981	404,589	39,677,000	88,376,570	3.87	11,635
2012	32,810,000	-	10,130,000	-	334,933	42,246,000 (7)	85,520,933	3.52	11,332
2013	29,385,000	-	8,965,000	-	2,760,053	44,810,000 (8)	85,920,053	3.17	11,156
2014	32,615,000 (9)	-	7,765,000	-	2,679,557	46,215,000 (10)	89,274,557	3.20	11,339
2015	28,850,000 (11)	-	23,115,000 (12)	-	93,024	43,425,000	95,483,024	3.21	11,849
2016	25,635,000	-	21,305,000	-	-	40,545,000	87,485,000	4.19	10,763
2017	47,335,000 (13)	-	19,755,000	-	-	37,565,000	104,655,000	3.93	12,611
2018	42,390,000	-	48,015,000 (14)	-	-	34,450,000	124,855,000	3.51	14,903

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

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

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

(3) The City issued GO Bonds Series 2008 for \$10 million and Series 2009 for \$13.5 million in fiscal year 2009.

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

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

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

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

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

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

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

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

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

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

(14) The City issued Sales Tax Bonds Series 2017 for \$31.94 million, in fiscal year 2018.

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

Fiscal Year	General Bonded Debt			Percentage of Actual Property Value (2)	Per Capita (3)
	General Obligation Bonds (1)	Redevelopment Bonds	Total		
2009	\$ 36,015,000	\$ 3,100,000	\$ 39,115,000	0.39 %	\$ 4,902
2010	39,375,000	2,655,000	42,030,000	0.52	5,174
2011	36,135,000	-	36,135,000	0.50	4,757
2012	32,810,000	-	32,810,000	0.42	4,347
2013	29,385,000	-	29,385,000	0.38	3,815
2014	32,615,000	-	32,615,000	0.42	4,143
2015	28,850,000	-	28,850,000	0.36	3,580
2016	25,635,000	-	25,635,000	0.30	3,154
2017	47,335,000	-	47,335,000	0.55	5,704
2018	42,390,000	-	42,390,000	0.44	5,060

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

- (1) Presented net of original issuance discounts and premiums.
- (2) See Schedule 6 for property value data.
- (3) See Schedule 20 for population and personal income data.

Schedule 16
Park City Municipal Corporation, Utah
Direct and Overlapping Governmental Activities Debt (2)
As of June 30, 2018

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable to Park City (1)</u>	<u>Estimated Amount Applicable to Park City</u>
Debt repaid with property taxes			
Snyderville Basin Recreation District Tax District	\$ 30,335,000	11.47 %	\$ 3,479,425
Wasatch County	1,655,000	3.96	65,538
Wasatch County School District	106,750,788	3.96	4,227,331
Weber Basin Water Conservancy District	12,725,000	14.63	1,861,668
Other debt			
Summit County	12,050,000	44.50	5,362,250
Wasatch County	7,525,000	3.96	297,990
Subtotal, overlapping debt			15,294,202
City direct debt			<u>90,405,000</u>
Total direct and overlapping			<u>\$ 105,699,202</u>

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

Notes:

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

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 271,346,097	\$ 242,939,444	\$ 273,828,091	\$ 266,103,174	\$ 269,015,017	\$ 280,699,514	\$ 293,698,934	\$ 312,816,159	\$ 329,113,324	\$ 345,893,884
Total net debt applicable to limit	<u>36,015,000</u>	<u>39,375,000</u>	<u>36,135,000</u>	<u>32,810,000</u>	<u>29,385,000</u>	<u>32,615,000</u>	<u>28,850,000</u>	<u>25,635,000</u>	<u>47,335,000</u>	<u>42,390,000</u>
Legal debt margin	<u>\$ 235,331,097</u>	<u>\$ 203,564,444</u>	<u>\$ 237,693,091</u>	<u>\$ 233,293,174</u>	<u>\$ 239,630,017</u>	<u>\$ 248,084,514</u>	<u>\$ 264,848,934</u>	<u>\$ 287,181,159</u>	<u>\$ 281,778,324</u>	<u>\$ 303,503,884</u>
Total net debt applicable to the limit as a percentage of debt limit	13.27%	16.21%	13.20%	12.33%	10.92%	11.62%	9.82%	8.19%	14.38%	12.26%

Legal Debt Margin Calculation for Fiscal Year 2018

Total assessed value	<u>\$ 8,647,347,105</u>
Debt limit - 4.0% of total assessed value	\$ 345,893,884
Amount of debt applicable to debt limits:	
General Obligation Bonds 2008, 2009, 2010A, 2010B, 2013A, 2013B, 2014, and 2017	42,390,000
Less: Amount available for repayment of general obligation bonds	<u>-</u>
Total net debt applicable to limit	<u>42,390,000</u>
Legal debt margin	<u>\$ 303,503,884</u>

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

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

<u>Fiscal Year</u>	<u>Sales Tax Increment Bonds</u>				<u>Coverage</u>
	<u>Sales Tax Increment</u>	<u>Debt Service</u>			
		<u>Principal</u>	<u>Interest</u>		
2009	\$ 8,590,625	\$ 1,830,000	\$ 597,787	3.5	
2010	8,474,078	1,400,000	528,962	4.4	
2011	6,988,804	1,445,000	501,680	3.6	
2012	7,768,666	1,785,000	465,813	3.5	
2013	7,649,200	1,165,000	401,587	4.9	
2014	7,314,413	1,200,000	359,863	4.7	
2015	7,408,762	8,350,000	383,012	0.8	
2016	7,437,258	1,810,000	782,290	2.9	
2017	9,863,502	1,550,000	705,380	4.4	
2018	13,247,915	3,680,000	1,351,082	2.6	

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.

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, 2018

	Coverage Ratio		
	<u>Actual</u>	<u>Minimum</u>	
Net revenues (change in net position)	\$ 5,484,037		
Add			
Excluded transfer to general fund	1,493,450		
Depreciation and amortization	3,446,940		
Bond interest expense	1,130,644		
Revenues pledged to debt	<u>11,555,071</u>	2.72	1.20

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009A Water Bonds-DEQ	\$ 125,000	\$ 2,500	\$ 127,500
2009B Water Revenue and Refunding Bonds	1,720,000	22,190	1,742,190
2009C Water Revenue Bonds	-	510,888	510,888
2010 Water Revenue Bonds	790,000	243,699	1,033,699
2012 Water Revenue Bonds	255,000	74,970	329,970
2012B Water Revenue and Refunding Bonds	-	118,318	118,318
2013 A and B Water Revenue and Refunding Bonds	225,000	40,687	265,687
2014 Water Revenue Bonds	-	117,392	117,392
	<u>\$ 3,115,000</u>	<u>\$ 1,130,644</u>	<u>\$ 4,245,644</u>

Less water development fees and capital contributions collected in fiscal year 2018 (1,255,340)

Net revenues less development fees and capital contributions \$ 10,299,731 **2.43** **1.00**

Year	Gross Revenues			Coverage	Gross Revenue Available for Debt Service			Coverage
	Net Revenue (Loss)	(Less Development Fees) Available for Debt Service	Total Debt Service		Debt	Coverage		
2009	\$ 2,394,583	\$ 2,105,634	\$ 1,101,423	1.91	\$ 4,809,939	\$ 1,101,423	4.37	
2010	(863,388)	1,544,407	849,263	1.82	2,159,954	849,263	2.54	
2011	372,687	3,408,046	3,004,182	1.13	3,856,339	3,004,182	1.28	
2012	928,730	4,262,970	3,000,782	1.42	4,765,325	3,000,782	1.59	
2013	2,256,909	6,115,611	4,069,154	1.50	6,827,075	4,069,154	1.68	
2014	3,644,383	6,603,287	4,124,483	1.60	8,314,345	4,124,483	2.02	
2015	5,862,508	7,781,536	4,254,867	1.83	11,530,762	4,254,867	2.71	
2016	3,074,564	7,474,148	4,247,871	1.76	8,657,335	4,247,871	2.04	
2017	4,972,598	9,821,604	4,245,164	2.31	10,912,626	4,245,164	2.57	
2018	5,484,037	10,299,731	4,245,644	2.43	11,555,071	4,245,644	2.72	

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

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

Fiscal Year	Population	Personal Income (thousands of dollars) (1)	Per Capita Personal Income (1)	Median Age	School Enrollment	Unemployment Rate (1)
2009	7,980	\$ 2,171,400	\$ 60,233	34.6	4,477	6.0 %
2010	8,123	2,311,000	63,832	35.5	4,563	7.1
2011	7,596	2,281,691	61,719	37.4	4,351	6.6
2012	7,547	2,503,395	68,524	35.7	4,400	6.0
2013	7,702	2,730,934	72,643	37.4	4,421	4.0
2014	7,873	2,944,020	77,468	34.9	4,630	3.1
2015	8,058	3,177,339	82,558	38.8	4,739	3.2
2016	8,128	3,784,040	96,766	38.5	4,763	3.4
2017	8,299	4,110,805	102,053	40.4	4,891	3.1
2018	8,378	4,380,364	108,675	40.6	4,824	2.9

Sources:

Utah Department of Workforce Services
Park City School District
Park City Chamber & Visitors Bureau
Summit County Annual Financial Reports

Note:

(1) Applies to Summit County.

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

Employer	2018 (1)				2009 (2)			
	Yearly Maximum Employees	Yearly Minimum Employees	Rank	Percentage of Total City Employment (3)	Yearly Maximum Employees	Yearly Minimum Employees	Rank	Percentage of Total City Employment (3)
Royal Street of Utah ET AL (Deer Valley Resort)	999	500	1	4.06 %	1,964	200	1	17.38 %
Park City Mountain Resort	999	500	2	4.06	982	155	2	8.69
Park City School District	713	692	3	2.90	809	604	3	7.16
Park City Municipal Corporation	632	547	4	2.57	502	405	4	4.44
Stein Eriksen Lodge	619	425	5	2.52	420	290	6	3.72
Montage Hotels & Resorts, LLC	499	250	6	2.03	-	-	-	-
IHC/Park City Surgical Center	499	250	7	2.03	-	-	-	-
High West Saloon, LLC	249	100	8	1.01	-	-	-	-
Hotel Park City	249	100	9	1.01	-	-	-	-
United States Ski & Snowboard Association	99	50	10	0.40	-	-	-	-
Premier Resorts of Utah	-	-	-	-	479	250	5	4.24
Park City Marriott (Olympia Park Hotel)	-	-	-	-	225	110	7	1.99
Jan's	-	-	-	-	198	55	8	1.75
Marriott Resorts	-	-	-	-	168	125	9	1.49
Fresh Market (Albertson's)	-	-	-	-	147	60	10	1.30
Total	5,557	3,414		22.59 %	5,894	2,254		52.16 %

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

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Full-time Equivalent Employees										
General government										
Executive	3.5	4.5	4.5	5.1	5.5	5.1	4.0	4.0	4.1	4.6
Finance	6.8	6.8	6.8	6.8	6.8	6.7	6.7	6.7	6.7	6.6
Human resources	7.0	7.0	6.9	6.9	5.3	5.1	5.1	5.1	5.1	5.1
Budget, debt and grants	3.0	2.0	2.0	2.0	1.3	3.0	3.3	3.3	3.3	3.3
Planning	7.0	7.0	6.0	7.0	7.0	8.0	9.0	9.2	9.7	10.0
Building	15.8	15.8	14.8	13.0	13.0	13.0	15.0	16.0	17.3	17.6
Engineering	2.5	3.0	3.0	2.8	2.7	2.8	2.8	4.0	4.3	4.8
Legal	7.8	7.8	7.8	7.8	7.0	7.0	7.0	7.0	7.0	7.0
Sustainability	-	6.0 (1)	6.0	9.8	9.7	10.9	11.3	11.3	12.3	13.8
I.T.	-	-	9.8 (2)	9.8	10.8	9.5	9.5	9.5	9.5	8.5
Other	23.3	14.9	5.5	5.0	5.1	5.0	6.0	6.0	6.0	6.0
Public safety										
Police	34.8	35.2	34.9	34.0	33.9	34.6	34.0	34.0	36.5	41.1
Communication center	9.0	10.0	10.0	10.0	10.4	10.4	10.4	10.4	10.4	2.5
Other	1.2	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Public works										
Transit	73.8	76.3	81.8	82.5	82.9	80.8	77.2	75.6	75.7	107.8 (6)
Fleet services	8.5	8.0	8.0	8.0	8.0	8.0	9.4	9.8	9.8	9.9
Parking	-	-	-	-	-	7.8 (3)	8.0	8.2	8.2	10.5
Street maintenance	15.6	16.7	17.5	17.5	17.5	17.4	17.3	17.0	14.8	15.3
Parks and cemetery	18.8	17.2	17.3	18.8	18.2	18.2	18.6	19.0	19.0	19.0
Administration	2.5	2.5	-	-	-	-	-	-	-	
Other	10.9	10.7	9.6	9.6	9.6	9.0	9.0	9.0	9.0	9.0
Library and recreation										
Library	11.2	11.2	11.2	11.4	11.4	11.4	11.4	11.9	12.3	13.0
Golf	6.8	6.3	5.7	5.5	5.4	5.2	6.0	6.0	7.8	7.8
Recreation	28.1	28.3	27.4	27.3	29.9	29.7	28.2	28.2	29.3	27.8
Tennis	7.7	7.7	6.9	7.4	7.9	4.0	4.7	4.7	4.7	5.2
Ice	10.4	11.4	11.0	11.0	9.0	8.4	11.4	11.3	12.3	11.3
Water										
Water billing	1.0	1.0	1.0	1.0	1.0	1.0	- (4)	-	-	-
Water operations	16.5	17.5	17.5	17.6	21.9	21.9	23.0	24.4	26.5	27.5
Stormwater										
Stormwater operations	-	-	-	-	-	-	-	-	6.1 (5)	6.6
Total	333.5	336.2	334.4	339.1	342.7	345.4	349.8	353.1	369.2	403.1

Source: Park City Budget Department

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

- (1) In 2010 the Sustainability Department was taken out of other and listed individually.
- (2) In 2011 the IT Department was taken out of other and listed individually.
- (3) In 2014 the Parking Department was added, until that time it had been outsourced.
- (4) In 2015 Water Billing was combined with Water Operations.
- (5) In 2017 the Stormwater Operations Department was created.
- (6) Significant increase in transit operators and total route miles.

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

Census:	Calendar Year	Park City Population	Percent Change from Prior Period	Summit County Population	Percent Change from Prior Period
	1950	2,254	- %	6,745	- %
	1960	1,366	(39.40)	5,673	(15.89)
	1970	1,193	(12.66)	5,879	3.63
	1980	2,823	136.63	10,198	73.46
	1990	4,430	56.93	15,518	52.17
	2000	6,500	46.73	29,736	91.62
	2010	8,123	1.79	40,451	36.03
	2011	7,596	(6.49)	36,324	(10.20)
	2012	7,702	1.40	37,208	2.43
	2013	7,873	2.22	38,003	2.14
	2014	8,058	2.35	39,105	2.90
	2015	8,128	0.87	39,633	1.35
	2016	8,299	2.10	40,307	1.70
	2017	8,378	0.95	41,106	1.98

Age distribution of 2016 population:

Age	Number	Percent
Under 5 Years	503	6.00 %
5-14	770	9.19
15-24	1,001	11.95
25-34	1,444	17.24
35-44	837	9.99
45-54	1,501	17.92
55-64	1,277	15.24
65-74	836	9.98
75 and over	209	2.49
	8,378	100.00 %

Median age: 40.6

Sources:

U.S. Census Bureau, 2012-2016 American Community Survey
Utah Department of Workforce Services
Park City Chamber & Visitors Bureau

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

<u>Fiscal Year</u>	<u>Transient Room Capacity (1)</u>	<u>Park City Population</u>	<u>Resort Percentage</u>	
2009	3,037	7,980	38	%
2010	2,978	8,123	37	
2011	3,555	7,596	47	
2012	3,788	7,547	50	
2013	4,059	7,702	53	
2014	4,389	7,873	56	
2015	4,640	8,058	58	
2016	5,701	8,128	70	
2017	6,755	8,299	81	
2018	7,333	8,378	88	

Sources:
 Park City Finance Department

Note:
 (1) Starting in 2017 the City began using total licensed nightly rental bedrooms and restated all previous year's data for consistency.

Schedule 25
Park City Municipal Corporation, Utah
Historical Pledged Taxes
Last Ten Fiscal Years

Fiscal Year	Pledged Sales & Use Taxes	% Change From Prior Year	Pledged Resort Tax	% Change From Prior Year	Total Pledged Taxes	% Change From Prior Year
2009	\$ 3,881,142	(4.1) %	\$ 4,709,483	8.7 %	\$ 8,590,625	(6.7) %
2010	3,990,274	2.8	4,483,804	(4.8)	8,474,078	(1.4)
2011	3,966,554	(0.6)	5,022,250	12.0	8,988,804	6.1
2012	4,125,435	4.0	5,443,231	8.4	9,568,666	6.5
2013	4,187,472	1.5	5,561,728 (1)	2.2	9,749,200	1.9
2014	4,347,534	3.8	9,151,788 (2)	64.5	13,499,322	38.5
2015	4,731,904	8.8	10,066,040	10.0	14,797,944	9.6
2016	5,180,094	9.5	11,154,870	10.8	16,334,964	10.4
2017	5,620,687	8.5	12,253,267	9.8	17,873,954	9.4
2018	5,915,331	5.2	14,491,767	18.3	20,407,098	14.2

Notes:

- (1) Beginning in fiscal year 2013 the City began reporting 25 percent of the 1.1 percent Resort Communities Tax to transit-related projects and improvements.
- (2) The 0.50 percent Additional Resort Communities Sales and Use Tax implemented in fiscal year 2013, went into effect in fiscal year 2014.

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical arrests	528	577	583	468	616	623	516	506	449	426
Parking citations	568	295	102	342	326	219	282	236	291	129
Traffic citations	2,546	2,044	1,984	963	950	904	454	966	712	697
Public works										
Street resurfacing (tons of asphalt)	3,301	3,810	5,500	4,616	4,616	5,133	5,526	6,034	5,486	6,500
Potholes repaired	200	250	275	235	230	240	210	380	400	200
Water										
Number of customers	5,095	5,122	5,161	5,171	5,180	5,203	5,226	5,230	5,276	5,331
New connections	80	27	26	10	22	37	42	56	56	75
Water main breaks	10	10	10	23	12	12	15	25	12	14
Average daily consumption (Tgal)	4,390	4,119	4,152	4,915	4,822	4,660	4,430	4,647	4,890	3,475
Peak daily consumption (Tgal)	8,682	8,527	8,120	8,529	8,873	8,820	7,786	7,767	8,660	5,839
Average monthly billings (3/4" meter)	47.99	54.68	54.82	57.61	82.51	86.22	88	83.32	105.87	90.63
Residential billing rates										
Base rate (per 3/4" meter)	20.86	23.36	25.23	28.26	33.35	39.35	44	44.07	44.95	47.65
Base rate (per 1" meter)	28.16	31.54	34.06	45.02	45.02	53.12	59	59.49	60.68	64.32
Base rate (per 1-1/2" meter)	33.39	37.40	40.39	53.38	53.38	62.99	71	70.55	71.96	76.28
Rate per Tgal (winter months only)	3.65	4.09	4.42	5.84	5.84	6.89	8	7.72	5.60	5.94
Commercial billing rates										
Base rate (per 3/4" meter)	27.12	30.37	32.80	43.35	43.35	51.15	57	57.29	58.44	61.95
Base rate (per 1" meter)	45.88	51.39	55.50	73.35	73.35	86.55	97	96.94	98.88	104.81
Base rate (per 1-1/2" meter)	98.02	109.78	118.56	156.69	156.69	184.89	207	207.08	211.22	223.89
Base rate (per 2" meter)	204.40	228.93	247.24	326.75	326.75	385.57	432	431.84	440.48	466.91
Base rate (per 3" meter)	531.89	595.72	643.38	850.30	850.30	1,003.35	1,124	1,123.75	1,146.23	1,215.15
Base rate (per 4" meter)	965.72	1,081.61	1,168.14	1,543.82	1,543.82	1,821.71	2,040	2,040.32	2,081.13	2,206.00
Base rate (per 6" meter)	1,820.90	2,039.41	2,202.56	2,910.19	2,910.19	3,434.02	3,846	3,846.10	3,923.02	4,158.40
Base rate (per 8" meter)	3,134.97	3,511.17	3,792.06	5,011.59	5,011.59	5,913.67	6,623	6,623.31	6,755.78	7,161.13
Rate per 1,000 gallons	3.65	4.09	4.42	5.84	5.84	6.89	8	7.72	7.87	8.34
Building activity										
Building permits issued	895	845	903	984	1,615	1,432	1,289	1,102	999	1,422
Number of residential units	286	30	17	24	40	51	119	57	54	66
Residential value (in thousands)	40,621	13,724	9,429	15,673	21,260	40,646	64,102	30,826	36,092	48,420
Commercial value (in thousands)	8,369	-	8,929	198	173	14,420	17,951	3,663	8,912	40,266
Parks and recreation										
Racquet club passes	2,528	2,263	1,368 (1)	3,304 (2)	5,037	7,038	7,893	7,922	7,067	7,415
Golf rounds	30,202	25,912	25,852	29,282	30,151	30,887	29,269	29,537	30,731	29,484
Library										
Total volumes borrowed	83,545	85,655	89,174	93,626	91,955	79,709 (3)	54,262 (3)	98,930 (4)	111,388	155,683 (5)
Circulation per capita	10	11	12	12	12	10	7	12	13	13
Transit										
Total route miles	1,033,806	1,075,422	1,051,995	1,111,456	1,113,567	1,116,067	986,500	1,065,755	1,141,405	1,924,148 (6)
Passengers	1,956,770	1,857,947	1,965,455	1,934,382	1,882,533	1,823,459	1,701,758	1,798,482	2,100,455	2,288,730 (6)

Sources: Various City departments.

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

- (1) Significant decrease in Racquet club passes, was due to the relocation of the Racquet Club to temporary facilities, during the construction of a new facility.
- (2) New PC MARC facility opened in December 2011, resulting in a large increase in pass sales.
- (3) Significant decrease in Library total volumes borrowed and circulation per capita in 2014 and 2015, was due to the relocation of the Library to temporary facilities, during the renovation of existing facility.
- (4) Significant increase in Library total volumes borrowed and circulation per capita in 2015 and 2016, was due to the completion of the Library renovation.
- (5) Significant increase in Library total volumes borrowed in 2018 was due to a change in how electronic material was tracked. The count now includes number of units instead of number of titles.
- (6) Significant increase in total route miles in 2018 was due to the addition of several new routes including the Kamas circulator.

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Area (sq. miles)	18	18	18	18	18	18	20	20	20	20
Police station	1	1	1	1	1	1	1	1	1	1
Transit buses	29	40	37	36	36	36	37	37	38	39
Public works										
Streets (lane miles)	111 (1)	111	111	111	111	126	126	126	126	126
Street lights	530 (1)	530	530	545	545	712	712	712	964	985
Water										
Fire hydrants	1,040	1,056	1,100	1,105	1,105	1,105	1,081	1,090	1,091	1,104
Water mains (miles)	119	127	130	131	132	135	137	140	142	142
Storage capacity (Tgal)	14,650	14,650	14,650	14,650	13,650	13,650	13,650	13,650	13,650	18,250
Recreation and culture										
Acreage	220	223	223	223	223	223	223	223	1,536 (3)	1,580
Parks	38	40	40	40	40	40	40	40	42	42
Covered picnic areas	4	4	4	4	4	4	4	4	6	6
Tennis courts	13	9	9	13	13	14	14	14	14	14
Soccer fields	6	6	6	6	6	6	6	6	6	6
Baseball diamonds	10	10	10	10	10	10	10	10	10	10
Library	1	1	1	1	1	1	1	1	1	1
Volumes in library	64,474 (2)	67,626	71,164	82,291	74,071	85,138	97,160	126,999	117,482	155,683 (4)
Golf course	1	1	1	1	1	1	1	1	1	1
Ice Rink	1	1	1	1	1	1	1	1	1	1

Sources: Various City departments.

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

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

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

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

(4) The Library changed the way they track electronic material, resulting in a more accurate number in fiscal year 2018.

Schedule 28
Park City Municipal Corporation, Utah
Schedule of Insurance in Force
As of June 30, 2018

<u>COMPANY & COVERAGE TYPE, POLICY #</u>	<u>LIMITS</u>	<u>EXPIRATION</u>	<u>PREMIUM</u>	<u>DEDUCTIBLE</u>
LIBERTY MUTUAL (Property Coverage) YU2-Z51-292161-028	\$ 120,917,255	1/1/2019	\$ 111,575	
All other Perils				\$ 10,000
Flood				500,000
Earthquake				100,000
Data, Programs/Software & Computer Systems				500,000
 ST. PAUL/TRAVELERS (Crime Policy) 105540277		1/1/2020	\$ 11,850	
Employee Theft - Per Loss Limit	\$ 525,000			\$ 10,000
Forgery or Alteration	500,000			10,000
Money & Securities (In & Outside)	25,000			10,000
Computer Fraud	500,000			10,000
Funds Transfer Fraud	500,000			10,000
 WORKERS COMPENSATION FUND (Workers Compensation) 1638608	\$ 1,000,000	1/1/2019	\$ 182,359	\$ -
 STATES RISK RETENTION GROUP (Liability) 3000023-1	\$ 10,000,000	1/1/2019	\$ 160,642	\$ 250,000
(General Liability, Automobile Liability, Employment Practice Liability, Law Enforcement Liability and Public Officials Errors & Omission Liability)				
 BEAZLEY (Cyber Insurance) W21274180101	\$ 5,000,000	1/1/2019	\$ 32,846	\$ -
Information Security & Privacy Insurance				

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

	Fiscal Year Ended June 30				
	2018	2017 (1)	2016 (1)	2015	2014 (1)
ASSETS					
Cash, cash equivalents and investments held by city	\$ 66,635,201	\$ 64,906,033	\$ 77,276,957	\$ 74,908,660	\$ 73,540,217
Cash, cash equivalents and investments held by fiscal agent	11,398,912	6,380,142	6,690,285	10,554,094	5,104,820
Restricted cash, cash equivalents and investments, other	6,604,245	6,318,540	6,312,535	7,418,529	6,866,835
Receivables:					
Taxes	24,009,992	23,385,693	20,740,471	20,631,203	20,432,310
Accounts	9,079,648	11,928,740	2,553,439	2,166,238	2,785,397
Notes receivable	1,273,106	1,799,575	314,353	320,284	1,578,341
Inventories	794,366	665,040	772,836	927,978	1,036,104
Prepays	1,263,500	2,239,181	528,089	515,520	510,634
Assets held for resale	166,096	-	-	-	-
Capital assets not being depreciated:					
Land and water rights	200,070,570	178,027,967	129,838,076	130,034,390	121,920,236
Construction in progress	28,003,663	12,273,194	10,931,485	13,018,693	8,791,078
Art	839,333	827,833	827,833	710,570	710,570
Capital assets (net of accumulated depreciation):					
Buildings	46,155,763	43,758,490	42,117,192	43,670,618	39,400,441
Improvements other than buildings	82,480,502	82,274,536	77,669,009	67,613,413	67,054,006
Vehicles and equipment	23,770,469	23,909,704	15,058,504	16,123,836	15,585,814
Infrastructure	23,161,347	25,660,425	29,114,178	25,053,552	26,782,596
Intangibles	8,271,741	5,608,810	5,652,891	5,691,867	5,506,939
Net pension assets	3,365	3,713	7,661	22,838	-
Total assets	533,981,819	489,967,616	426,405,794	419,382,283	397,606,338
Deferred outflows of resources					
Deferred charge on refunding	7,335,717	6,578,882	7,477	15,227	22,977
Deferred outflows of resources related to pensions	-	-	5,277,742	1,597,998	1,228,149
Total deferred outflows of resources	\$ 7,335,717	\$ 6,578,882	\$ 5,285,219	\$ 1,613,225	\$ 1,251,126
LIABILITIES					
Accounts payable	\$ 5,395,183	\$ 10,204,455	\$ 4,243,398	\$ 4,813,660	\$ 4,806,266
Accrued liabilities	3,174,630	2,674,359	2,868,301	2,707,660	2,836,990
Long-term debt due within one year:					
Compensated absences	525,320	534,198	431,558	391,979	391,796
Contracts payable	-	-	-	93,024	2,586,533
General obligation bonds	4,360,000	4,945,000	3,300,000	3,215,000	3,655,000
Revenue bonds	6,495,000	4,720,000	4,530,000	4,690,000	4,040,000
Long-term debt due in more than one year:					
Compensated absences	699,776	670,641	681,413	616,886	491,221
General obligation bonds	40,913,366	45,540,922	22,709,111	26,083,159	29,363,370
Contracts payable	-	-	-	-	93,024
Revenue bonds	80,928,230	54,793,151	59,904,698	64,829,343	51,983,601
Net pension liability	7,780,234	11,020,794	10,109,665	6,596,256	8,196,954
Total liabilities	150,271,739	135,103,520	108,778,144	114,036,967	108,444,755
Deferred inflows of resources					
Property taxes	20,046,312	19,785,339	17,605,701	17,553,354	17,437,568
Deferred gain on refunding	217,783	321,672	425,561	529,450	-
Deferred inflows of resources related to pensions	6,025,822	1,803,202	1,142,122	1,049,810	-
Deferred inflows of resources related to pensions	166,096	-	-	-	-
Total deferred inflows of resources	26,456,013	21,910,213	19,173,384	19,132,614	17,437,568
NET POSITION					
Net investment in capital assets	294,285,169	273,727,467	(4) 233,610,613	(3) 220,380,226	208,942,336
Restricted for:					
Debt service	5,198,869	5,153,382	5,130,734	5,192,878	5,088,720
Capital projects	12,804,288	7,545,300	7,872,086	12,779,745	6,882,935
Other	195,157	59,674	48,640	47,201	46,402
Unrestricted	52,106,301	53,046,942	57,077,412	49,425,877	52,014,749
Total net position	364,589,784	339,532,765	303,739,485	287,825,927	272,975,142
Total liabilities and deferred inflows of resources and net position	\$ 541,317,536	\$ 496,546,498	\$ 431,691,013	\$ 420,995,508	\$ 398,857,465

Source: Information extracted from the City's fiscal years ended June 30, 2014 through 2018 general purpose financial statements.

Notes:

- (1) Restated.
- (2) Fiscal year 2015 - Implemented GASB 68, Accounting and Financial Reporting for Pensions, required restatement of fiscal year 2014.
- (3) Fiscal year 2017 - Capital asset adjustment, required restatement of fiscal year 2016.
- (4) Fiscal year 2018 - Capital asset adjustment, required restatement of fiscal year 2017.

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

**Park City Municipal Corporation, Utah
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

Federal Grantor Agency or Pass Through Entity	Federal CFDA Number	Grant Number	2018 Expenditures
U.S. Department of Transportation			
Formula Grants for Rural Areas	20.509	UT-2016-006-00	2,307,083
Bus and Bus Facilities	20.526	UT-18-X032	<u>379,070</u>
		Subtotal	<u><u>2,686,153</u></u>
Department of Homeland Security			
Emergency Management Project Grant	97.042	EMPG-2018-DEM	12,500
U.S. Department of Agriculture			
Conservation Reserve Program	10.069	UT- 49043-189	1,044
U.S. Department of Justice			
Pass Through Utah Office for Victims of Crime			
Victim of Crime Act (VOCA) Grant	16.017	16-VOCA-45	34,189
Equitable Sharing Program	16.922	UT-0220500	<u>22,948</u>
		Subtotal	<u><u>57,137</u></u>
Total Federal Awards			\$ <u><u>2,756,834</u></u>

Park City Municipal Corporation, Utah
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Note 1. Reporting Entity

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

Note 2. Basis of Presentation

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

The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Park City Municipal Corporation, Utah
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018**

Section I - Summary of Auditors' Results:

Financial Statements:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings required to be reported in accordance with 2 CFR 200.516(a)	None reported

Identification of major programs:

CFDA Number	20.509
Name of Federal Program or Cluster	U.S. Department of Transportation, Formula Grants for Rural Areas
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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
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Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a)	None reported
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the City Council
Park City Municipal Corporation, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Park City Municipal Corporation (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 20, 2018.

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

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

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

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

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

A handwritten signature in blue ink that reads "Patsy Bowler Taylor & Kern". The signature is written in a cursive style with a small flourish at the end.

Salt Lake City, Utah
December 20, 2018

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

Members of the City Council
Park City Municipal Corporation, Utah

We have audited the compliance of the Park City Municipal Corporation (the City) with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2018. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Major Federal Program. In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the City's major federal program for the year ended June 30, 2018.

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance. We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 20, 2018, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Salt Lake City, Utah
December 20, 2018

Independent Auditors' Report on Compliance and on Internal Control over Compliance as Required by the *State Compliance Audit Guide*

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

Report on Compliance

We have audited Park City Municipal Corporation's (the City) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2018.

State compliance requirements were tested for the year ended June 30, 2018 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Restricted Taxes and Other Related Restricted Revenue
- Open and Public Meetings Act
- Public Treasurer's Bond
- Utah Public Finance Website (Transparency)
- Enterprise Fund Transfers, Reimbursements, Loans, and Services
- Tax Levy Revenue Recognition

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Compliance

In our opinion, Park City Municipal Corporation complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2018.

Other Matters

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

Report On Internal Control over Compliance

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

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

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

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



Salt Lake City, Utah
December 20, 2018