

Midway City Council  
3 March 2020  
Regular Meeting

Sale of Bonds /  
Open Space

# Memo



---

Date: March 3, 2020  
To: Midway City Council  
From: Michael Henke  
Re: Open Space Projects and Bonds

---

The purpose of this memo is to give the City Council information regarding projects that could be considered by the City, and potentially be approved, which would allow open space bond funds to be used for purchasing conservation easements. The City will need to decide when and of what quantity the bonds will be issued. The City can issue the 5 million approved bond funds in one issuance or multiple issuances. There are financial implications that must be considered for both options so staff would like to provide the City Council with some information so a decision can be made. Potential projects are listed below with minimal information to give a general idea of what may be brought before the City Council in the future.

	Acreage	Potential City bond contribution	Year	Zoning	Estimate of potential density
	60	1 million	2020	RA-1-43	75 dwellings
	24	?	2021	RA-1-43	20 dwellings
	22	?	2021	RA-1-43	18 dwellings
	43	1-1.5 million	2021	RA-1-43	36 dwellings
	21	1 million	2021	R-1-22	42 dwellings
	10	200k -500k	2020	R-1-15	30 dwellings
	41	Free	2020	RA-1-43	34 dwellings
	117	?	2021	Multiple	75 dwellings
	78	2 million	2020	Multiple	70+ dwellings
Total	416	6+ million			400+ dwellings

March							April							May						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7				1	2	3	4						1	2
8	9	10	11	12	13	14	5	6	7	8	9	10	11	3	4	5	6	7	8	9
15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12	13	14	15	16
22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23
29	30	31	26	27	28	29	30	24	25	26	27	28	29	30	31					

Day	Date	Event	Responsibility
Thursday	February 20	Zions Public Finance distributes Calendar of Events and Distribution List.	MA
Tuesday	February 25	Bond Counsel distributes draft Authorizing Resolution to working group.	BC
Wednesday	February 26	Authorizing Resolution is placed on City Council Agenda for Tuesday, March 3, 2020	BC
Friday	February 28	Draft of Preliminary Official Statement (P.O.S.) distributed to working group.	MA
Tuesday	March 3	Regular City Council Meeting to adopt Authorizing Resolution.	ALL
Friday	March 6	"Notice of Bonds to be Issued" is sent to the Utah Public Meeting Notice website.	BC
Friday	March 6	"Notice of Bonds to be Issued" is delivered to <i>The Wasatch Wave</i> for publication.	BC
Thursday	March 12	Publication of "Notice of Bonds to be Issued" in <i>The Wasatch Wave</i> . (Begins 30-day contest period).	N
Week of	March 6	Due Diligence Meeting to review P.O.S. (time/place TBD).	ALL
Thursday	March 19	Rating information sent to S&P.	MA
Week of	March 23	Rating presentation.	CR, MA
Monday	April 6	Rating received.	MA
Tuesday	April 7	Final P.O.S. and Official Notice of Bond Sale sent to prospective bidders.	MA
Saturday	April 11	30-day contest period expires.	
Thursday	April 16	Competitive bond sale, 9:45 AM.	ALL
Friday	April 24	Final Official Statement delivered to Underwriter.	MA
Friday	April 24	Closing documents are distributed to working group.	BC
Wednesday	April 29	Pre-Closing (as arranged by Bond Counsel).	BC, M, CR
Tuesday	May 5	Closing: Delivery of Funds (Gilmore & Bell and by conference call; 9:30AM).	ALL

\*Preliminary, subject to change

## Midway City General Obligation Bond Scenarios

	Par Amount	Proceeds Amount	Total P&I	Avg Annual Payment	Costs of Issuance	Underwriter's Discount	Insurance	TIC	AIC
<b>Option 1: Market Deal in 2020</b>									
\$5M Proceeds	\$ 4,490,000	\$ 5,000,000	\$ 6,296,194	\$ 314,800	\$ 85,000	\$ 22,450	\$ 15,740	2.11%	2.30%
<b>Option 2: Two DP Deals in 2020 and 2021</b>									
\$2.5M Par 2020	\$ 2,500,000	\$ 2,460,000	\$ 3,215,844	\$ 160,790	\$ 40,000	-	-	2.52%	2.69%
\$2.5M Par 2021	2,500,000	2,460,000	3,215,844	160,790	40,000	-	-	2.52%	2.69%
<b>Total DP</b>	<b>\$ 5,000,000</b>	<b>\$ 4,920,000</b>	<b>\$ 6,431,688</b>	<b>\$ 321,580</b>	<b>\$ 80,000</b>			<b>2.52%</b>	<b>2.69%</b>
<b>Difference</b>	<b>\$ (510,000)</b>	<b>\$ 80,000</b>	<b>\$ (135,494)</b>	<b>\$ (6,780)</b>	<b>\$ 5,000</b>	<b>\$ 22,450</b>	<b>\$ 15,740</b>	<b>-0.41%</b>	<b>-0.39%</b>



---

---

**PARK CITY, UTAH**

**Resolution**

**Authorizing the Issuance and Sale of  
General Obligation Bonds, Series 2019**

**Adopted January 15, 2019**

---

---

## TABLE OF CONTENTS

SECTION	PAGE
ARTICLE I	DEFINITIONS .....2
Section 101.	Definitions.....2
Section 102.	Rules of Construction .....5
Section 103.	Authority for Bond Resolution .....5
ARTICLE II	AUTHORIZATION, TERMS AND ISSUANCE OF BONDS .....5
Section 201.	Authorization of Bonds, Principal Amount, Designation and Series .....5
Section 202.	Purpose.....5
Section 203.	Issue Date .....5
Section 204.	Bond Details; Delegation of Authority .....5
Section 205.	Denominations and Numbers.....7
Section 206.	Paying Agent and Bond Registrar.....7
Section 207.	Redemption and Redemption Price; Notice of Redemption .....7
Section 208.	Acceptance of Bid; Issuance, Sale and Delivery of Bonds.....9
Section 209.	Execution of Bonds .....9
Section 210.	Delivery of the Bonds; Application of Proceeds .....10
Section 211.	Continuing Disclosure Undertaking .....10
Section 212.	Further Authority .....11
Section 213.	Establishment of Accounts .....11
ARTICLE III	TRANSFER AND EXCHANGE OF BONDS; BOND REGISTRAR .....11
Section 301.	Transfer of Bonds. ....11
Section 302.	Exchange of Bonds .....12
Section 303.	Bond Registration Books .....12
Section 304.	List of Bondowners .....12
Section 305.	Duties of Bond Registrar .....12
ARTICLE IV	BOOK-ENTRY SYSTEM; LIMITED OBLIGATION OF ISSUER; LETTER OF REPRESENTATIONS .....13
Section 401.	Book-Entry System; Limited Obligation of Issuer .....13
Section 402.	Letter of Representations .....14
Section 403.	Transfers Outside Book-Entry System .....14
Section 404.	Payments to Cede.....14
ARTICLE V	COVENANTS AND UNDERTAKINGS .....14
Section 501.	Covenants of Issuer .....14

SECTION	PAGE
Section 502.	Levy of Taxes; Bond Account .....15
Section 503.	Arbitrage Covenant; Covenant to Maintain Tax- Exemption .....15
ARTICLE VI	FORM OF BONDS .....17
Section 601.	Form of Bonds .....17
ARTICLE VII	MISCELLANEOUS .....24
Section 701.	Final Official Statement .....24
Section 702.	Preliminary Official Statement Deemed Final.....24
Section 704.	Notice of Bonds to be Issued .....24
Section 705.	Payments Due on Non-Business Days.....25
Section 706.	Ratification.....25
Section 707.	Severability .....25
Section 708.	Conflict .....25
Section 709.	Captions .....25
Section 710.	Effective Date .....25
SIGNATURES	.....26

- EXHIBIT 1 — FORM OF CONTINUING DISCLOSURE UNDERTAKING
- EXHIBIT 2 — FORM OF OFFICIAL STATEMENT
- EXHIBIT 3 — FORM OF NOTICE OF BONDS TO BE ISSUED
- EXHIBIT 4 — FORM OF CERTIFICATE OF DETERMINATION

## RESOLUTION

**A RESOLUTION** AUTHORIZING THE SALE AND ISSUANCE OF UP TO \$48,000,000 GENERAL OBLIGATION BONDS, SERIES 2019 OF PARK CITY, UTAH; AND PROVIDING FOR RELATED MATTERS.

\*\*\*                    \*\*\*                    \*\*\*

WHEREAS, at the 2018 Bond Election, the issuance of \$48,000,000 principal amount of general obligation bonds was authorized for the purpose of acquiring, improving and forever preserving open space, park and recreational land located in Treasure Hill and Armstrong/Snow Ranch Pasture (the “*Project*”);

WHEREAS, the Issuer has not heretofore authorized any of the bonds voted at the 2018 Bond Election and the Issuer has determined to authorize the issuance and sale at this time of \$48,000,000 principal amount of the bonds voted at the 2018 Bond Election;

WHEREAS, pursuant to the applicable provisions of the Act, and the authorization of the 2018 Bond Election, the Issuer has the authority to issue its general obligation bonds for the purpose of paying all or a part of the cost of acquiring, constructing, improving and modifying the Project;

WHEREAS, a notice inviting electronic bids for the purchase of the Bonds will be advertised by electronic dissemination through the PARITY® electronic bid submission system;

WHEREAS, in the opinion of the Issuer, it is in the best interests of the Issuer that (a) the Designated Officer be authorized to (i) accept or reject the bids received for the Bonds pursuant to the PARITY® electronic bid submission system and determine the best bid received that conforms to the parameters, deadlines and procedures set forth in the notice of sale prepared in connection with the advertisement for sale of the Bonds and (ii) approve the final principal amount, maturity amounts, interest rates, dates of maturity and other terms and provisions relating to the Bonds and to execute the Certificate of Determination containing such terms and provisions and (b) the Mayor be authorized to execute the Official Statement with respect to the Bonds;

WHEREAS, Sections 11-14-316 of the Utah Code provides for the publication of a Notice of Bonds to be Issued, and the Issuer desires to cause the publication of such a notice at this time in compliance with said Section with respect to such Bonds;

NOW, THEREFORE, Be It Resolved by the City Council of Park City, Utah, as follows:

## ARTICLE I

### DEFINITIONS

*Section 101. Definitions.* As used in this Bond Resolution (including the preambles hereto), unless the context shall otherwise require, the following terms shall have the following meanings:

“*2018 Bond Election*” means the special bond election duly and lawfully called and held in the Issuer on November 6, 2018, at which the issuance and sale by the Issuer of \$48,000,000 of general obligation bonds was authorized for the purpose of acquiring, improving and forever preserving 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, the results of which election were declared by the City Council of the Issuer, sitting as a Board of Canvassers, on November 20, 2018.

“*Act*” means, collectively, the Local Government Bonding Act, Chapter 14 of Title 11 of the Utah Code, and the Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code, the applicable provisions of Title 10 of the Utah Code.

“*Bond Account*” means the Bond Account established in Section 213 hereof.

“*Bond Counsel*” means Farnsworth Johnson PLLC or another attorney or a firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States.

“*Bond Registrar*” means each Person appointed by the Issuer as bond registrar and agent for the transfer, exchange and authentication of the Bonds. Pursuant to Section 206 hereof, the initial Bond Registrar is Zions Bancorporation, National Association, of Salt Lake City, Utah.

“*Bond Resolution*” means this Resolution of the Issuer adopted on January 15, 2019 authorizing the issuance and sale of the Bonds.

“*Bondowner*” or “*owner*” means the registered owner of any Bond as shown in the registration books of the Issuer kept by the Bond Registrar for such purpose.

“*Bonds*” means the Issuer’s General Obligation Bonds, Series 2019 authorized by the Bond Resolution.

“*Cede*” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds pursuant to Section 401 hereof.

“*Certificate of Determination*” means the Certificate of Determination, a form of which is attached hereto as *Exhibit 4*, of the Designated Officer delivered pursuant to Article 2 of this Resolution, setting forth certain terms and provisions of the Bonds.

“*City Manager*” means the duly qualified and acting City Manager of the Issuer.

“*City Recorder*” means the duly qualified and acting City Recorder of the Issuer or in the absence or disability of such person, such other official as shall be duly authorized to act in the City Recorder’s stead.

“*City Treasurer*” means the duly qualified and acting City Treasurer of the Issuer.

“*Closing Date*” means the date of the initial issuance of the Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking of the Issuer, in substantially the form attached hereto as *Exhibit 1*, dated the Closing Date, for the purpose of providing continuing disclosure information under Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time.

“*Depository Account*” means the Depository Account established in Section 213 hereof.

“*Designated Officer*” means the City Manager, or, in the event of the absence or incapacity of the City Manager, the City Treasurer, or in the event of the absence or incapacity of both the City Manager and the City Treasurer, the Mayor.

“*DTC*” means The Depository Trust Company, New York, New York, and its successors and assigns.

“*Exchange Bond*” means any Exchange Bond as defined in Section 209 hereof.

“*Issuer*” means Park City, Utah.

“*Letter of Representations*” means the Blanket Issuer Letter of Representations from the Issuer to DTC, dated August 26, 1999.

“*Mayor*” means the duly qualified and acting Mayor of the Issuer or in the absence or disability of such person, the duly qualified and acting Mayor Pro Tem of the Issuer.

“*Moody’s*” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer to the Paying Agent.

“*Official Statement*” means the Official Statement with respect to the Bonds, in substantially the form attached hereto as *Exhibit 2*.

“*Participants*” means those broker dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository.

“*Paying Agent*” means each Person appointed by the Issuer as paying agent with respect to the Bonds. Pursuant to Section 206 hereof, the initial Paying Agent is Zions Bancorporation, National Association, of Salt Lake City, Utah.

“*Person*” means natural persons, firms, partnerships, associations, corporations, trusts, public bodies and other entities.

“*Project Account*” means the Project Account established in Section 213 hereof.

“*Purchaser*” means the initial purchaser or purchasers of the Bonds from the Issuer.

“*Rating Agencies*” means Moody’s, if the Bonds are then rated by Moody’s and S&P, if the Bonds are then rated by S&P.

“*Record Date*” means (a) in the case of each interest payment date, the day that is 15 days preceding such interest payment date, or if such day is not a business day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar, and (b) in the case of each redemption, such record date as shall be specified by the Bond Registrar in the notice of redemption required by Section 207 hereof, *provided* that such record date shall be not less than 15 calendar days before the mailing of such notice of redemption.

“*Regulations*” means United States Treasury Regulations dealing with the tax-exempt bond provisions of the Code.

“*Standard & Poor’s*” or “*S&P*” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Standard & Poor’s*” or “*S&P*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer to the Paying Agent.

“*Tax Certificate*” means any agreement or certificate of the Issuer that the Issuer may execute in order to establish and maintain the excludability of interest on the Bonds from gross income of the owners thereof for federal income tax purposes.

“*United States*” means the government of the United States of America.

“*Utah Code*” means Utah Code Annotated 1953, as amended.

*Section 102. Rules of Construction.* Unless the context otherwise requires:

- (a) references to Articles and Sections are to the Articles and Sections of this Bond Resolution;
- (b) the singular form of any word, including the terms defined in Section 101, includes the plural, and vice versa, and a word of any gender includes all genders; and
- (c) the terms “*hereby*,” “*hereof*,” “*hereto*,” “*herein*,” “*hereunder*” and any similar terms as used in this Bond Resolution refer to this Bond Resolution.

*Section 103. Authority for Bond Resolution.* This Bond Resolution is adopted pursuant to the provisions of the Act.

## **ARTICLE II**

### **AUTHORIZATION, TERMS AND ISSUANCE OF BONDS**

*Section 201. Authorization of Bonds, Principal Amount, Designation and Series.* In accordance with and subject to the terms, conditions and limitations established by the Act and in the Bond Resolution, a series of General Obligation Bonds of the Issuer is hereby authorized to be issued in the aggregate principal amount of Forty-Eight Million Dollars (\$48,000,000). Such series of bonds shall be designated “*General Obligation Bonds, Series 2019*.” If the Designated Officer determines pursuant to Sections 204(b)(i) and 209 hereof that the principal amount to be issued shall be less than Forty-Eight Million Dollars (\$48,000,000), then the principal amount of such series of bonds shall be limited to the amount so determined by the Designated Officer.

*Section 202. Purpose.* The Bonds are hereby authorized to be issued under authority of the Act for the purpose of (i) acquiring, constructing, improving and modifying the Project and (ii) paying certain costs related to the issuance and sale of the Bonds.

*Section 203. Issue Date.* The Bonds shall be dated as of the Closing Date.

*Section 204. Bond Details; Delegation of Authority.* (a) The Bonds shall mature on the dates and in the principal amounts, and shall bear interest (calculated on the basis of a year of 360 days consisting of twelve 30-day months) from the Closing Date, payable semiannually each year, at the rates per annum, all as provided in the Certificate of Determination.

(b) There is hereby delegated to the Designated Officer, subject to the limitations contained in the Bond Resolution, the power to determine and effectuate the following with respect to the Bonds and the Designated Officer is hereby authorized to make such determinations and effectuations:

- (i) the principal amount of the Bonds necessary to accomplish the purpose of the Bonds set forth in Section 202 herein and the aggregate principal amount of the Bonds

to be executed and delivered pursuant to Section 209 herein; *provided* that the aggregate principal amount of the Bonds shall not exceed Forty-Eight Million Dollars (\$48,000,000);

(ii) the maturity date or dates and principal amount of each maturity of the Bonds to be issued; *provided, however*, that the final maturity of all Bonds shall not be later than sixteen years from their date or dates;

(iii) the interest rate or rates of the Bonds, *provided, however*, that the interest rate or rates to be borne by any Bond shall not exceed five and one half percent (5.50%) per annum;

(iv) the sale of the Bonds to the Purchaser and the purchase price to be paid by the Purchaser for the Bonds; *provided, however*, that the discount from par of the Bonds shall not exceed two percent (2.00%) (expressed as a percentage of the principal amount);

(v) the Bonds, if any, to be retired from mandatory sinking fund redemption payments and the dates and the amounts thereof;

(vi) the optional redemption date of the Bonds, if any; and

(vii) the use and deposit of the proceeds of the Bonds; and

(viii) any other provisions deemed advisable by the Designated Officer not materially in conflict with the provisions of the Bond Resolution.

(c) Immediately following the date and time specified in the Official Notice of Bond Sale attached to the Official Statement for the receipt of bids for the purchase of the Bonds, the Designated Officer shall obtain such information as he or she deems necessary to make such determinations as provided above and to determine the bid of the responsible bidder that results in the lowest effective interest rate to the Issuer (the "*Best Bidder*"). Thereupon, the Designated Officer shall make such determinations as provided above, shall award the bid to the Best Bidder and shall execute the Certificate of Determination containing such terms and provisions of the Bonds, which execution shall be conclusive evidence of the awarding of such bid to the Best Bidder and the action or determination of the Designated Officer as to the matters stated therein. The provisions of the Certificate of Determination shall be deemed to be incorporated in Article II hereof. If the Designated Officer determines that it is in the best interest of the Issuer, the Designated Officer may (i) waive any irregularity or informality in any bid or in the electronic bidding process; and (ii) reject any and all bids for the Bonds.

(d) Each Bond shall bear interest from the interest payment date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of an interest payment date, in which event it shall bear interest from the date thereof, or (ii) it is registered and authenticated prior to the first interest payment date, in which event it shall bear interest from its date, or (iii) as shown by the records of the Bond Registrar, interest on the Bonds shall be in default, in which event it shall bear interest from the date to which interest has been paid in full. The Bond Registrar shall insert the date of registration and authentication of each

Bond in the place provided for such purpose in the form of Bond Registrar's certificate of authentication on each Bond. The Bonds shall bear interest on overdue principal at the respective rates provided in the Certificate of Determination.

*Section 205. Denominations and Numbers.* The Bonds shall be issued as fully-registered bonds, without coupons, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity. The Bonds shall be numbered with the letter prefix "R-" and from one (1) consecutively upwards in order of issuance.

*Section 206. Paying Agent and Bond Registrar.* Zions Bancorporation, National Association, of Salt Lake City, Utah, is hereby appointed the initial Paying Agent and Bond Registrar for the Bonds. The Issuer may remove any Paying Agent and any Bond Registrar, and any successor thereto, and appoint a successor or successors thereto. Each Paying Agent and Bond Registrar shall signify its acceptance of the duties and obligations imposed upon it by the Bond Resolution by executing and delivering to the Issuer a written acceptance thereof. The principal of, and premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America that, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal of and premium, if any, on the Bonds shall be payable when due to the owner of each Bond upon presentation and surrender thereof at the principal corporate trust office of the Paying Agent. Payment of interest on each Bond shall be made to the Person that, as of the Record Date, is the owner of the Bond and shall be made by check or draft mailed to the Person that, as of the Record Date, is the owner of the Bond, at the address of such owner as it appears on the registration books of the Issuer kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date.

*Section 207. Redemption and Redemption Price; Notice of Redemption.* (a) The Bonds may be subject to redemption prior to maturity, at the election of the Issuer, on the date specified in the Certificate of Determination (the "*First Redemption Date*"), and on any date thereafter, in whole or in part, from such maturities or parts thereof as shall be selected by the Issuer, upon notice given as provided below, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption. Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

(b) The Bonds may be subject to mandatory redemption by operation of sinking fund installments as provided in the Certificate of Determination. If the Bonds are subject to mandatory sinking fund redemption and less than all of the Bonds then outstanding are redeemed in a manner other than pursuant to a mandatory sinking fund redemption, the principal amount so redeemed shall be credited at 100% of the principal amount thereof by the Bond Registrar against the obligation of the Issuer on such mandatory sinking fund redemption dates for the Bonds in such order as directed by the Issuer.

(c) If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds or portion of Bonds of such maturity to be redeemed shall be selected at random by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate. The portion of any registered Bond of a denomination of more than \$5,000 to be redeemed will be

in the principal amount of \$5,000 or a whole multiple thereof, and in selecting portions of such Bonds for redemption, the Bond Registrar will treat each such Bond as representing that number of Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such Bond by \$5,000.

(d) Notice of redemption shall be given by the Bond Registrar by registered or certified mail, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date, to the owner, as of the Record Date, of each Bond that is subject to redemption, at the address of such owner as it appears in the registration books of the Issuer kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption shall state the Record Date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the Bonds are to be redeemed, the distinctive numbers of the Bonds or portions of Bonds to be redeemed, and shall also state that the interest on the Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date. Each notice of optional redemption may further state that such redemption shall be conditional upon the receipt by the Paying Agent, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of and premium, if any, and interest on such Bonds to be redeemed and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Bond Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. Failure to give such notice or any defect therein with respect to any Bond shall not affect the validity of the proceedings for redemption with respect to any other Bond.

(e) In addition to the foregoing notice under subsection (c) above, further notice of such redemption shall be given by the Bond Registrar as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner affect the validity of a call for redemption if notice thereof is given as prescribed above.

(i) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed.

(ii) Each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date to DTC in accordance with the operating procedures then in effect for DTC, and to all other registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds designated to the

Bond Registrar by the Issuer, to the Rating Agencies and to any other nationally recognized information services as designated by the Issuer to the Bond Registrar.

(f) If notice of redemption shall have been given as described above and the condition described in Section 207(c) hereof, if any, shall have been met, the Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for the payment of the redemption price of all the bonds to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such bonds shall cease to accrue and become payable.

(g) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number or numbers identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(h) The Bond Registrar shall also give any notice of the “defeasance” or redemption of the Bonds that may be required by the Continuing Disclosure Undertaking provided that the Issuer shall provide to the Bond Registrar any documents or other information that the Bond Registrar requests to provide such notice.

*Section 208. Issuance, Sale and Delivery of Bonds.* Under authority of the Act, the Bonds shall be issued by the Issuer for the purpose set forth in Section 202 hereof. The Bonds shall be delivered to the Purchaser and the proceeds of sale thereof applied as provided in Section 210 hereof.

*Section 209. Execution of Bonds.* The Bonds shall be executed on behalf of the Issuer by the Mayor and attested and countersigned by the City Recorder (the signatures of the Mayor and City Recorder being either manual or by facsimile) and the official seal of the Issuer or a facsimile thereof shall be impressed or printed thereon. The use of such manual or facsimile signatures of the Mayor and the City Recorder and such facsimile or impression of the official seal of the Issuer on the Bonds are hereby authorized, approved and adopted by the Issuer as the authorized and authentic execution, attestation, countersignature and sealing of the Bonds by said officials on behalf of the Issuer. The Bonds shall then be delivered to the Bond Registrar for manual authentication by it. Only such of the Bonds as shall bear thereon a certificate of authentication, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of the Bond Resolution, and such certificate of the Bond Registrar shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered under, and are entitled to the benefits of, this Bond Resolution and that the owner thereof is entitled to the benefits of this Bond Resolution. The certificate of authentication of the Bond Registrar on any Bond shall be deemed to have been executed by it if (i) such Bond is signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder or that all of the Bonds hereunder be authenticated by the same Bond Registrar, and (ii) the date of registration and authentication of the Bond is inserted in the place provided therefor on the certificate of authentication.

The Mayor and the City Recorder are authorized to execute, countersign, attest and seal from time to time, in the manner described above, Bonds (the “*Exchange Bonds*”) to be issued and delivered for the purpose of effecting transfers and exchanges of Bonds pursuant to Article III hereof. At the time of the execution, countersigning, attestation and sealing of the Exchange Bonds by the Issuer, the payee, principal amount, maturity and interest rate may be in blank. Upon any transfer or exchange of Bonds pursuant to Article III hereof, the Bond Registrar shall cause to be inserted in appropriate Exchange Bonds the appropriate payee, principal amount, maturity and interest rate. The Bond Registrar is hereby authorized and directed to hold the Exchange Bonds and to complete, authenticate and deliver the Exchange Bonds for the purpose of effecting transfers and exchanges of Bonds; *provided* that any Exchange Bonds authenticated and delivered by the Bond Registrar shall bear the same series, maturity and interest rate as Bonds delivered to the Bond Registrar for exchange or transfer and shall bear the name of such payee as the Bondowner requesting an exchange or transfer shall designate; and *provided further* that upon the delivery of any Exchange Bonds by the Bond Registrar a like principal amount of Bonds submitted for transfer or exchange, and of like series and having like maturity dates and interest rates, shall be cancelled. The execution, countersignature, attestation and sealing by the Issuer and delivery to the Bond Registrar of any Exchange Bond shall constitute full and due authorization of such Bond containing such payee, principal amount, maturity and interest rate as the Bond Registrar shall cause to be inserted, and the Bond Registrar shall thereby be authorized to authenticate and deliver such Exchange Bond in accordance with the provisions hereof.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bond (including any Exchange Bond) shall cease to be such officer before the issuance or delivery of such Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until such issuance or delivery, respectively.

*Section 210. Delivery of the Bonds; Application of Proceeds.* The City Manager, City Treasurer, Budget Officer or other officer of the Issuer is hereby authorized and instructed to make delivery of the Bonds to the Purchaser and to receive payment therefor in accordance with the terms of sale and the Certificate of Determination and to set the proceeds of sale of the Bonds aside for deposit into the Project Account to be used for the purpose for which the Bonds are herein authorized.

*Section 211. Continuing Disclosure Undertaking.* The Mayor is hereby authorized, empowered and directed to execute and deliver, and the City Recorder to seal, countersign, and attest, the Continuing Disclosure Undertaking ( the “*Continuing Disclosure Undertaking*”) in substantially the same forms as now before the City Council of the Issuer and attached hereto as *Exhibit 1*, respectively, or with such changes therein as the Mayor shall approve, his execution thereof to constitute conclusive evidence of his approval of such changes. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the Issuer as herein provided, the Continuing Disclosure Undertaking will be binding on the Issuer and the officers, employees and agents of the Issuer, and the officers, employees and agents of the Issuer are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Bond Resolution, the sole

remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Continuing Disclosure Undertaking.

*Section 212. Further Authority.* The Mayor and the City Recorder and other officers of the Issuer are, and each of them is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as may be necessary or advisable to provide for the issuance, sale, registration and delivery of the Bonds and to fulfill the obligations of the Issuer hereunder and thereunder.

*Section 213. Establishment of Accounts.* (a) The following accounts on the accounting records of the Issuer are hereby created, which are to be held as follows:

- (i) Bond Account, to be held by the Issuer;
- (ii) Depository Account, to be held by the Paying Agent; and
- (iii) Project Account, to be held by the Issuer.

(b) Pending application for the purposes contemplated hereby, moneys on deposit in the Bond Account, Depository Account and Project Account shall be invested as permitted by law in investments approved by the City Manager or other authorized officer of the Issuer.

### **ARTICLE III**

#### **TRANSFER AND EXCHANGE OF BONDS; BOND REGISTRAR**

*Section 301. Transfer of Bonds.* (a) Any Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar pursuant to Section 303 hereof, by the Person in whose name it is registered, in person or by such owner's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Bond Registrar. No transfer shall be effective until entered on the registration books kept by the Bond Registrar. The Issuer, the Bond Registrar and the Paying Agent may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever.

(b) Whenever any Bond or Bonds shall be surrendered for transfer, the Bond Registrar shall authenticate and deliver a new fully-registered Bond or Bonds (which may be an Exchange Bond or Bonds pursuant to Section 209 hereof) of the same series, designation, maturity and interest rate and of authorized denominations duly executed by the Issuer, for a like aggregate principal amount. The Bond Registrar shall require the payment by the Bondowner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. With respect to each Bond, no such transfer shall be required to be made (i) after the

Record Date with respect to any interest payment date to and including such interest payment date, or (ii) after the Record Date with respect to any redemption of such Bond.

(c) The Bond Registrar shall not be required to register the transfer of or exchange any Bond selected for redemption, in whole or in part, except the unredeemed portion of Bonds being redeemed in part. Upon surrender of any Bond redeemed in part only, the Issuer shall execute, and the Bond Registrar shall authenticate and deliver to the Bondowner at the expense of the Issuer, a new Bond or Bonds (which may be an Exchange Bond or Bonds pursuant to Section 209 hereof) of the same series, designation, maturity and interest rate and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

*Section 302. Exchange of Bonds.* Bonds may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of fully-registered Bonds (which may be an Exchange Bond or Bonds pursuant to Section 209 hereof) of the same series, designation, maturity and interest rate of other authorized denominations. The Bond Registrar shall require the payment by the Bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. With respect to each Bond, no such exchange shall be required to be made (a) after the Record Date with respect to any interest payment date to and including such interest payment date, or (b) after the Record Date with respect to any redemption of such Bond.

*Section 303. Bond Registration Books.* This Bond Resolution shall constitute a system of registration within the meaning and for all purposes of the Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code. The Bond Registrar shall keep or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Issuer; and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register or transfer, or cause Bonds to be registered or transferred on those books as herein provided.

*Section 304. List of Bondowners.* The Bond Registrar shall maintain a list of the names and addresses of the owners of all Bonds and upon any transfer shall add the name and address of the new Bondowner and eliminate the name and address of the transferor Bondowner.

*Section 305. Duties of Bond Registrar.* If requested by the Bond Registrar, the Mayor and the City Recorder are authorized to execute the Bond Registrar's standard form of agreement between the Issuer and the Bond Registrar with respect to the compensation, obligations and duties of the Bond Registrar hereunder, which may include the following:

- (a) to act as bond registrar, authenticating agent, paying agent and transfer agent as provided herein;
- (b) to maintain a list of Bondowners as set forth herein and to furnish such list to the Issuer upon request, but otherwise to keep such list confidential;
- (c) to give notice of redemption of Bonds as provided herein;

(d) to cancel and/or destroy Bonds that have been paid at maturity or upon earlier redemption or submitted for exchange or transfer;

(e) to furnish the Issuer at least annually a certificate with respect to Bonds cancelled and/or destroyed;

(f) to furnish to the Issuer, at its request, at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds; and

(g) to comply with all applicable provisions of DTC's operational arrangements, as provided in Section 402 hereof.

#### ARTICLE IV

##### **BOOK-ENTRY SYSTEM; LIMITED OBLIGATION OF ISSUER; LETTER OF REPRESENTATIONS**

*Section 401. Book-Entry System; Limited Obligation of Issuer.* (a) The Bonds shall be initially issued in the form of a separate, single, certificated, fully-registered Bond for each of the maturities set forth in Section 204 hereof. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede, as nominee of DTC. Except as provided in Section 403 hereof, all of the outstanding Bonds shall be registered in the registration books kept by the Bond Registrar in the name of Cede, as nominee of DTC.

(b) With respect to Bonds registered in the registration books kept by the Bond Registrar in the name of Cede, as nominee of DTC, the Issuer, the Bond Registrar and the Paying Agent shall have no responsibility or obligation to any such Participant or to any Person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than a Bondowner, as shown in the registration books kept by the Bond Registrar, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other Person, other than a Bondowner, as shown in the registration books kept by the Bond Registrar, of any amount with respect to the principal of or premium, if any, or interest on the Bonds. The Issuer, the Bond Registrar and the Paying Agent may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, for the purpose of giving notices of redemption and for all other purposes whatsoever. The Paying Agent shall pay all principal of, and premium, if any, and interest on, the Bonds only to the respective Bondowners, as shown in the registration books kept by the Bond Registrar, or their respective

attorneys duly authorized in writing, as provided in Section 206 hereof, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, and premium, if any, and interest on, the Bonds to the extent of the sum or sums so paid. No Person other than a Bondowner, as shown in the registration books kept by the Bond Registrar, shall receive a certificated Bond evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to the Bond Resolution.

(c) Upon delivery by DTC to the Issuer of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the provisions herein with respect to Record Dates, the word "*Cede*" in this Bond Resolution shall refer to such new nominee of DTC; and upon receipt of such a notice the Issuer shall promptly deliver a copy of the same to the Bond Registrar and the Paying Agent.

*Section 402. Letter of Representations.* The Issuer's prior execution and delivery of the Letter of Representations shall not in any way limit the provisions of Section 401 hereof or in any other way impose upon the Issuer any obligation whatsoever with respect to Persons having interests in the Bonds other than the Bondowners, as shown on the registration books kept by the Bond Registrar. In the written acceptance of each Paying Agent and Bond Registrar referred to in Section 206 hereof, such Paying Agent and Bond Registrar, respectively, shall agree to take all action necessary for all of DTC's operational arrangements pertaining to the Paying Agent and Bond Registrar, respectively, to at all times be complied with.

*Section 403. Transfers Outside Book-Entry System.* At the option of the Issuer or upon receipt by the Issuer of written notice from DTC that DTC is unable or unwilling to discharge its responsibilities, and no substitute depository willing to undertake the functions of DTC hereunder can be found that is willing and able to undertake such functions upon reasonable and customary terms, the Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede, as nominee of DTC, but may be registered in whatever name or names Bondowners transferring or exchanging Bonds shall designate, in accordance with the provisions of Article III hereof.

*Section 404. Payments to Cede.* Notwithstanding any other provision of this Bond Resolution to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations.

## ARTICLE V

### COVENANTS AND UNDERTAKINGS

*Section 501. Covenants of Issuer.* All covenants, statements, representations and agreements contained in the Bonds and all recitals and representations in the Bond Resolution are hereby considered and understood, and it is hereby confirmed that all such covenants, statements,

representations and agreements are the covenants, statements, representations and agreements of the Issuer.

*Section 502. Levy of Taxes; Bond Account* The Issuer covenants and agrees that to pay the interest falling due on the Bonds as the same becomes due, and also to provide a sinking fund for the payment of the principal of the Bonds at maturity, there shall be levied on all taxable property in the City in addition to all other taxes, a direct annual tax sufficient to pay the interest on the Bonds and to pay and retire the same. These taxes when collected shall be applied solely for the purpose of the payment of the interest on and principal of the Bonds, respectively, and for no other purpose whatsoever until the indebtedness so contracted under the Bond Resolution, principal and interest, shall have been fully paid, satisfied and discharged, but nothing herein contained shall be so construed as to prevent the Issuer from applying any other funds that may be in the Issuer's treasury and available for that purpose to the payment of such interest and principal as the same respectively become due and mature. The levy or levies herein provided for may thereupon be diminished to that extent. The sums herein provided for to meet the interest on the Bonds and to discharge the principal thereof when due are hereby appropriated for that purpose, and the required amount for each year shall be included by the Issuer in its annual budget and its statement and estimate as certified to the Board of County Commissioners of Summit County, Utah and the Board of County Commissioners of Wasatch County, Utah, in each year. Principal or interest falling due at any time when there shall not be available from the proceeds of the levies described in this Section money sufficient for the payment thereof shall, to the extent of such deficiency, be paid from other funds of the Issuer available for such purpose, and such other funds shall be reimbursed when the proceeds of such levies become available.

On or prior to the second business day next preceding each date on which payment of principal of or interest on the Bonds is to be made, the Issuer shall deposit into the Bond Account an amount sufficient to pay principal of and interest on the Bonds on such payment date. Moneys remaining on deposit immediately after each such payment date, including any investment earnings thereon earned during the period of such deposit, shall be immediately withdrawn from the Bond Account by the Issuer and commingled with the general funds of the Issuer. The Issuer has established the Bond Account primarily to achieve a proper matching of revenues and debt service on the Bonds. The Bond Account shall be depleted at least once each year by the Issuer, except for a reasonable carryover amount not to exceed the greater of one year's earnings on the Bond Account or one-twelfth of the annual debt service on the Bonds.

*Section 503. Arbitrage Covenant; Covenant to Maintain Tax-Exemption.* (a) The Mayor, the City Recorder and other appropriate officials of the Issuer are hereby authorized and directed to execute such Tax Certificates as shall be necessary to establish that (i) the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations, (ii) the Bonds are not and will not become "private activity bonds" within the meaning of Section 141 of the Code, (iii) all applicable requirements of Section 149 of the Code are and will be met, (iv) the covenants of the Issuer contained in this Section will be complied with and (v) interest on the Bonds is not and will not become includible in gross income of the owners thereof for federal income tax purposes under the Code and applicable Regulations.

(b) The Issuer covenants and certifies to and for the benefit of the owners from time to time of the Bonds that:

(i) it will at all times comply with the provisions of any Tax Certificates;

(ii) it will at all times comply with the rebate requirements contained in Section 148(f) of the Code and the Regulations, including, without limitation, the entering into any necessary rebate calculation agreement to provide for the calculations of amounts required to be rebated to the United States, the keeping of records necessary to enable such calculations to be made, the creation of any rebate fund to provide for the payment of any required rebate and the timely payment to the United States of all amounts, including any applicable penalties and interest, required to be rebated, except to the extent that the Bonds are not subject to such arbitrage rebate requirements;

(iii) no use will be made of the proceeds of the issue and sale of the Bonds, or any funds or accounts of the Issuer that may be deemed to be proceeds of the Bonds, pursuant to Section 148 of the Code and applicable Regulations, which use, if it had been reasonably expected on the date of issuance of the Bonds, would have caused the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code;

(iv) it will not use or permit the use of any of its facilities or properties in such manner that such use would cause the Bonds to be “private activity bonds” described in Section 141 of the Code;

(v) no bonds or other evidences of indebtedness of the Issuer (other than the Bonds) have been or will be issued, sold or delivered within a period beginning 15 days prior to the sale of the Bonds and ending 15 days following the delivery of the Bonds, other than the Bonds;

(vi) it will not take any action that would cause interest on the Bonds to be or to become ineligible for the exclusion from gross income of the owners of the Bonds as provided in Section 103 of the Code, nor will it omit to take or cause to be taken in timely manner any action, which omission would cause interest on the Bonds to be or to become ineligible for the exclusion from gross income of the owners of the Bonds as provided in Section 103 of the Code;

(vii) it recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon is excludable from gross income of the owners thereof for federal income tax purposes under laws in force at the time the Bonds are initially delivered and the Issuer agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form without an opinion of Bond Counsel to the effect that such action will not adversely affect the excludability of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes; and

(viii) it acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation for interest paid on the Bonds, under present rules, the Issuer may be treated as a “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination.

Pursuant to these covenants, the Issuer obligates itself to comply throughout the term of the issue of the Bonds with the requirements of Section 103 of the Code and the Regulations proposed or promulgated thereunder.

## **ARTICLE VI**

### **FORM OF BONDS**

*Section 601. Form of Bonds.* Each fully-registered Bond shall be, respectively, in substantially the following form, with such insertions or variations as to any redemption or amortization provisions and such other insertions or omissions, endorsements and variations as may be required (including, but not limited to, such changes as may be necessary if the Bonds at any time are no longer held in book-entry form as permitted by Section 403 hereof):

[FORM OF BOND]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Registered

Registered

UNITED STATES OF AMERICA

STATE OF UTAH

PARK CITY

GENERAL OBLIGATION BOND, SERIES 2019

Number R-\_\_\_\_\_

\$\_\_\_\_\_

INTEREST RATE:

MATURITY DATE:

DATED DATE:

CUSIP:

\_\_\_\_\_%

\_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_, 2019

\_\_\_\_\_

REGISTERED OWNER:

PRINCIPAL AMOUNT: ----- DOLLARS-----

KNOW ALL MEN BY THESE PRESENTS that Park City, Utah (the "Issuer"), a duly organized and existing municipal corporation and a political subdivision of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay to the registered owner identified above, or registered assigns, on the maturity date identified above, upon presentation and surrender hereof, the principal amount identified above (the "Principal Amount"), and to pay the registered owner hereof interest on the balance of the Principal Amount from time to time remaining unpaid from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date, or unless this Bond is registered and authenticated prior to the first interest payment date, in which event this Bond shall bear interest from the dated date identified above (the "Dated Date"), or unless, as shown by the records of the hereinafter referred to Bond Registrar, interest on the hereinafter referred to Bonds shall be in default, in which event this Bond shall bear interest from the date to which interest has been paid in full, at the interest rate per annum (calculated on the basis of a year of 360 days consisting

of twelve 30-day months) identified above (the “*Interest Rate*”), payable semiannually on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 in each year, commencing \_\_\_\_\_ 1, 2017, until payment in full of the Principal Amount, except as the provisions set forth in the hereinafter defined Bond Resolution with respect to redemption prior to maturity may become applicable hereto. This Bond shall bear interest on overdue principal at the Interest Rate. Principal of and premium, if any, on this Bond shall be payable upon presentation and surrender hereof at the principal corporate trust office of Zions Bancorporation, National Association, of Salt Lake City, Utah, as Paying Agent for the Bonds, or at the principal corporate trust office of any successor who is at the time the Paying Agent of the Issuer, in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts; and payment of the interest hereon shall be made to the registered owner hereof and shall be paid by check or draft mailed to the person who is the registered owner of record on the Record Date.

This Bond is one of the General Obligation Bonds, Series 2019 of the Issuer (the “*Bonds*”), limited to the aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), dated as of the Dated Date, issued under and by virtue of the Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended (the “*Utah Code*”), the Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code, and the applicable provisions of Title 10 of the Utah Code (collectively, the “*Act*”), and under and pursuant to a resolution of the Issuer adopted on January 15, 2019 (the “*Bond Resolution*”), after having been authorized at a special bond election held on November 6, 2018, in the Issuer by a vote of the qualified electors thereof, for the purpose of acquiring, constructing, improving and modifying pathways, roads and related improvements for use by pedestrians and cyclists (the “*Project*”). The acquisition, improvement and preservation of the Project is for one or more public purposes.

Zions Bancorporation, National Association, of Salt Lake City, Utah, is the initial bond registrar and paying agent of the Issuer with respect to the Bonds. This bond registrar and paying agent, together with any successor bond registrar or paying agent, are referred to herein, respectively, as the “*Bond Registrar*” and the “*Paying Agent*.”

The Issuer covenants and is by law required to levy annually a sufficient tax to pay interest on this Bond as it falls due and also to constitute a sinking fund for the payment of the principal hereof as the same falls due.

This Bond is transferable, as provided in the Bond Resolution, only upon the books of the Issuer kept for that purpose at the principal corporate trust office of the Bond Registrar, by the registered owner hereof in person or by such owner’s attorney duly authorized in writing. Such transfer shall be made upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or such duly authorized attorney and upon the payment of the charges prescribed in the Bond Resolution, and thereupon the Issuer shall issue in the name of the transferee a new registered Bond or Bonds of authorized denominations of the same aggregate principal amount, series, designation, maturity and interest rate as the surrendered Bond, all as provided in the Bond Resolution. No transfer of this Bond shall be effective until entered on the registration books kept by the Bond Registrar. The Issuer, the Bond Registrar and the Paying Agent may treat and consider the person in whose name this Bond is registered on the registration books kept by the Bond Registrar as the holder and absolute

owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever, and neither the Issuer, the Bond Registrar nor the Paying Agent shall be affected by any notice to the contrary.

The Bonds are issuable solely in the form of registered Bonds in the denomination of \$5,000 or any whole multiple thereof.

[The Bonds maturing on or after \_\_\_\_\_ 1, \_\_\_\_\_, are subject to redemption prior to maturity, at the election of the Issuer, on \_\_\_\_\_ 1, \_\_\_\_\_ (the "*First Redemption Date*") and on any date thereafter, in whole or in part, from such maturities or parts thereof as shall be selected by the Issuer, upon notice given as provided below, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

Notice of redemption shall be given by the Bond Registrar by registered or certified mail not less than thirty (30) nor more than forty-five (45) days prior to the redemption date, to the registered owner of each Bond that is subject to redemption, at the address of such registered owner as it appears on the registration books kept by the Bond Registrar, or at such other address as is furnished in writing by such registered owner to the Bond Registrar, all as provided in the Bond Resolution.

If notice of redemption shall have been given as aforesaid, the Bonds or portions thereof specified in that notice shall become due and payable at the applicable redemption price on the redemption date therein designated. If on the redemption date, moneys for the payment of the redemption price of all the Bonds to be redeemed, together with interest to the redemption date, shall be available for such payment on that date, then from and after the redemption date interest on such Bonds shall cease to accrue and become payable.

Less than all of a Bond in a denomination in excess of \$5,000 may be so redeemed. In such case, upon the surrender of such Bond, there shall be issued to the registered owner thereof, without charge therefor, for the unredeemed balance of the principal amount of such Bond, registered Bonds of any of the authorized denominations, at the option of such owner, all as more fully set forth in the Bond Resolution. In selecting portions of any registered Bond that is of a denomination of more than \$5,000 for redemption, the Bond Registrar will treat each such Bond as representing that number of Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such Bond by \$5,000.

Except as otherwise provided herein and unless the context clearly indicates otherwise, words and phrases used herein shall have the same meanings as such words and phrases in the Bond Resolution.

This Bond and the issue of Bonds of which it is a part are issued in conformity with and after full compliance with the Constitution of the State of Utah and pursuant to the provisions of the Act and all other laws applicable thereto. It is hereby certified and recited that all conditions, acts and things required by the Constitution or laws of the State of Utah and by the Act and the

Bond Resolution to exist, to have happened or to have been performed precedent to or in connection with the issuance of this Bond exist, have happened and have been performed and that the issue of Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by the Constitution and laws referenced above, and that the full faith and credit of the Issuer are hereby irrevocably pledged to the punctual payment of the principal of and interest on this Bond according to its terms.

This Bond shall not be valid until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

IN WITNESS WHEREOF, PARK CITY, UTAH, has caused this Bond to be signed in its name and on its behalf by its Mayor and countersigned and attested by the City Recorder, and has caused its official seal or a facsimile thereof to be impressed or imprinted hereon, all as of the Dated Date.

PARK CITY, UTAH

By \_\_\_\_\_ (manual signature)  
Mayor

[SEAL]

COUNTERSIGN AND ATTEST:

By \_\_\_\_\_ (manual signature)  
City Recorder

**[FORM OF BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION]**

This Bond is one of the Bonds described in the within-mentioned Bond Resolution and is one of the General Obligation Bonds, Series 2019 of Park City, Utah.

ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION, as Bond Registrar

By  
Authorized Officer

Date of registration  
and authentication: \_\_\_\_\_, 2017.

Bond Registrar and Paying Agent:

Zions Bancorporation, National Association  
Corporate Trust Department  
One South Main Street, 12th Floor  
Salt Lake City, Utah 84133

[FORM OF ASSIGNMENT]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	—	as tenants in common	UNIF TRAN MIN ACT—
TEN ENT	—	as tenants by the entirety	_____ Custodian _____
JT TEN	—	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor) under Uniform Transfers to Minors Act of _____ (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

Insert Social Security or Other  
Identifying Number of Assignee

\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

the within Bond of PARK CITY, UTAH, and hereby irrevocably constitutes and appoints \_\_\_\_\_  
\_\_\_\_\_ attorney, to register the transfer of said  
Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_ SIGNATURE: \_\_\_\_\_

SIGNATURE GUARANTEED:  
\_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Bond Registrar, which requirements include membership or participation in STAMP or such other “signature guarantee program” as may be determined by the Bond Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

## ARTICLE VII

### MISCELLANEOUS

*Section 701. Final Official Statement.* The Official Statement of the Issuer is hereby authorized in substantially the form presented at this meeting and in the form attached hereto as *Exhibit 2*, with such changes, omissions, insertions and revisions as the Mayor shall deem advisable, including the completion thereof with the information established at the time of the sale of the Bonds by the Designated Officer and set forth in the Certificate of Determination. The Mayor shall sign and deliver the Official Statement to the Purchaser for distribution to prospective purchasers of the Bonds and other interested persons. The approval of the Mayor of any such changes, omissions, insertions and revisions shall be conclusively established by the Mayor's execution of the Official Statement.

*Section 702. Preliminary Official Statement Deemed Final.* The use and distribution of the Official Statement in preliminary form (the "*Preliminary Official Statement*"), in substantially the form presented at this meeting and in the form attached hereto as *Exhibit 2*, is hereby authorized and approved, with such changes, omissions, insertions and revisions as the City Treasurer shall deem advisable. The Mayor, the City Recorder and the City Treasurer are, and each of them is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as may be necessary or advisable to deem final the Preliminary Official Statement within the meaning and for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion thereof with the information established at the time of the sale of the Bonds. The Mayor, the City Recorder and the City Treasurer are, and each of them is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as may be necessary or advisable to provide for the issuance, sale and delivery of the Bonds, and any actions taken thereby for purposes of deeming the Official Statement to be final for purposes of Rule 15c2-12 of the Securities and Exchange Commission are hereby authorized, ratified and confirmed.

*Section 703. Notice of Bond to be Issued* In accordance with the provisions of Section 11-14-316 of the Local Government Bonding Act, the City Recorder shall cause the "Notice of Bonds to be Issued," in substantially the form attached hereto as *Exhibit 3*, to be published one time in *The Park Record*, a newspaper of general circulation in the City, and shall cause a copy of this Bond Resolution (together with all exhibits hereto) to be kept on file in her office for public examination during the regular business hours of the City until at least thirty (30) days from and after the date of publication thereof.

For a period of thirty (30) days from and after publication of the Notice of Bonds to be Issued, any person in interest shall have the right to contest the legality of this Bond Resolution or the Bonds hereby authorized or any provisions made for the security and payment of the Bonds. After such time, no one shall have any cause of action to contest the regularity, formality or legality of this Bond Resolution or the Bonds or any provisions made for the security and payment of the Bonds for any cause.

*Section 704. Payments Due on Non-Business Days.* If a payment date is not a business day, then payment may be made on the next business day, and no interest shall accrue for the intervening period.

*Section 705. Ratification.* All proceedings, resolutions and actions of the Issuer and its officers taken in connection with the sale and issuance of the Bonds are hereby ratified, confirmed and approved, including, without limitation, the publication of the notice of sale for the Bonds as set out in the preambles hereto.

*Section 706. Severability.* It is hereby declared that all parts of this Bond Resolution are severable, and if any section, paragraph, clause or provision of this Bond Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of any such section, paragraph, clause or provision shall not affect the remaining sections, paragraphs, clauses or provisions of this Bond Resolution.

*Section 707. Conflict.* All resolutions, orders and regulations or parts thereof heretofore adopted or passed that are in conflict with any of the provisions of this Bond Resolution are, to the extent of such conflict, hereby repealed.

*Section 708. Captions.* The table of contents and captions or headings herein are for convenience of reference only and in no way define, limit or describe the scope or intent of any provisions or sections of this Bond Resolution.

*Section 709. Effective Date.* This Bond Resolution shall take effect immediately.

ADOPTED AND APPROVED on January 15, 2019.

PARK CITY, UTAH

By Andy B  
Mayor

ATTEST AND COUNTERSIGN:

By Michelle Kellogg  
City Recorder



APPROVED AS TO FORM:

By WDH  
City Attorney

**EXHIBIT 1**

**[CONTINUING DISCLOSURE UNDERTAKING]**

**EXHIBIT 2**

**[OFFICIAL STATEMENT]**

### EXHIBIT 3

#### NOTICE OF BONDS TO BE ISSUED

NOTICE IS HEREBY GIVEN pursuant to the provisions of Sections 11-14-316 and 11-27-4, Utah Code Annotated 1953, as amended, that on January 15, 2019, the City Council (the “*Council*”) of Park City, Utah (the “*City*”), adopted a resolution (the “*Resolution*”) in which it authorized and approved the issuance of its general obligation bonds (the “*Bonds*”), in the aggregate principal amount of not to exceed Forty-Eight Million Dollars, to bear interest at a rate or rates of not to exceed five and one half percent per annum, to mature over a period not to exceed sixteen years from their date or dates and to be sold at a discount from par, expressed as a percentage of the principal amount, of not to exceed two percent.

Pursuant to the Resolution, the Bonds are to be issued for the purpose of acquiring, improving and forever preserving open space, park and recreational land located in Treasure Hill and Armstrong/Snow Ranch Pasture (the “*Project*”).

The City proposes to pledge the full faith and credit of the City for the payment of its general obligation bonds and may be obligated to levy and collect ad valorem taxes without limitation as to rate or amount in order to pay the general obligation bonds, as provided by law.

The total par amount of the City’s currently outstanding general obligation bonds is \$\_\_\_\_\_. More detailed information relating to the outstanding general obligation bonds of the City is available from the City Treasurer. The estimated total cost to the City of the Bonds, if such Bonds are held until maturity and based on estimated interest rates currently in effect, is \$\_\_\_\_\_.

The Bonds are to be issued and sold by the City pursuant to the Resolution. A copy of the Resolution is on file in the office of the City Recorder of the City, located in the Marsac Municipal Building, at 445 Marsac Avenue, Park City, Utah, where the Resolution may be examined during regular business hours of the City Recorder from 8:00 a.m. to 5:00 p.m. The Resolution shall be so available for inspection for a period of at least thirty days from and after the date of the publication of this notice.

NOTICE IS FURTHER GIVEN that pursuant to law for a period of thirty days from and after the date of the publication of this notice, any person in interest shall have the right to contest the legality of the above-described Resolution (including the final bond resolution attached thereto) of the City or the Bonds authorized thereby or any provisions made for the security and payment of the Bonds. After such time, no one shall have any cause of action to contest the regularity, formality or legality of the Resolution, the Bonds or the provisions for their security or payment for any cause.

DATED January 15, 2019.

PARK CITY, UTAH

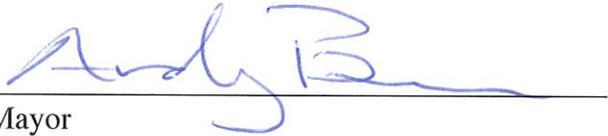
**EXHIBIT 4**

**[CERTIFICATE OF DETERMINATION]**

(Other business not pertinent to the above appears in the minutes of the meeting.)

Upon the conclusion of all business and upon motion duly made and carried, the meeting of the City Council was adjourned.

PARK CITY, UTAH

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Recorder



STATE OF UTAH                    )  
  )  
COUNTY OF SUMMIT            )

I, Michelle Kellogg, the duly qualified and acting City Recorder of Park City, Utah (the “City”), do hereby certify, according to the records of said City in my official possession, that the foregoing is a full, true and correct copy of the extracts of minutes of a public meeting of the City Council of Park City, Utah (the “City Council”) held on January 15, 2019, including a resolution adopted at the meeting, as recorded in the regular official book of minutes of the proceedings of the City Council kept in my office, that all members were given due, legal and timely notice of said meeting, that the meeting therein shown was in all respects called, held and conducted in accordance with law and in full conformity therewith, and that the persons therein named were present at the meeting, as therein shown.

IN WITNESS WHEREOF, I have hereunto set my hand this January 15, 2019.

 Michelle Kellogg  
City Recorder

Park City, Utah

January 29, 2019

The City Council (the “*City Council*”) of Park City, Utah (the “*City*”), met in public session on January 29, 2019, at the City Council Chambers, 445 Marsac Avenue, in Park City, Utah, at 6:00 p.m., due, legal and timely notice of the meeting having been given to all members as required by law.

The meeting was duly called to order by the Mayor with the following members of the City Council being present, constituting a quorum of the City Council:

Andy Beerman	Mayor
Steve Joyce	Councilmember
Becca Gerber	Councilmember
Nann Worel	Councilmember
Tim Henney	Councilmember
Absent:	Lynn Ware-Peek

There were also present:

Diane Foster	City Manager
Mark D. Harrington	City Attorney
Michelle Kellogg	City Recorder

After the minutes of the preceding meeting had been read and approved, the City Recorder presented to the City Council an affidavit evidencing the giving of not less than twenty-four (24) hours' public notice of the agenda, date, time and place of the January 29, 2019 public meeting of the City Council in compliance with the requirements of Section 52-4-202, Utah Code Annotated 1953, as amended, by (1) posting written notice of the meeting at the principal office of the City Council, (2) providing notice to at least one newspaper of general circulation within the geographic jurisdiction of the City or to a local media correspondent, and (3) posting written notice of the meeting at the Utah Public Notice Website. The affidavit was ordered recorded in the minutes of the meeting and is as follows:

STATE OF UTAH            )  
  )  
COUNTY OF SUMMIT        )

I, Michelle Kellogg, the duly qualified and acting City Recorder of Park City, Utah (the “City”), do hereby certify, according to the records of said City in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202, Utah Code Annotated 1953, as amended, I gave not less than twenty-four (24) hours’ public notice of the agenda, date, time, and place of the January 29, 2019 public meeting held by the City Council of the City (the “City Council”), by:

- (a) causing a Notice of Public Meeting to be posted at the principal office of the City Council, located in the Marsac Municipal Building, at least twenty-four (24) hours before the convening of the meeting, in the form attached hereto as *Exhibit A*; said Notice of Public Meeting having continuously remained so posted and available for public inspection during the regular office hours of the City until the convening of the meeting;
- (b) causing a copy of the Notice of Public Meeting in the form attached hereto as *Exhibit A* to be provided at least twenty-four (24) hours before the convening of the meeting to *The Park Record*, a newspaper of general circulation within the geographic jurisdiction of Park City, Utah; and
- (c) causing a Notice of Public Meeting to be posted at the Utah Public Notice Website at least twenty-four (24) hours before the convening of the meeting.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this January 29,  
2019.



*Michelle Kellogg*  
\_\_\_\_\_  
City Recorder

**EXHIBIT A**

[ATTACH NOTICE OF PUBLIC MEETING]

Thereupon, after the conduct of other business not pertinent to the following, the following resolution was introduced in written form and, after due consideration, pursuant to motion duly made by Councilmember Becca Gerber and seconded by Councilmember Tim Henney was adopted and approved by the following vote:

AYE: Steve Joyce  
Becca Gerber  
Nann Worel  
Tim Henney  
NAY: None  
ABSENT: Lynn Ware-Peek

The resolution was presented to and approved and signed by the Mayor, was approved as to form and signed by the City Attorney and was attested and recorded by the City Recorder in the official records of said City. The resolution is as follows:

---

---

**OFFICIAL NOTICE OF BOND SALE**  
**and**  
**PRELIMINARY OFFICIAL STATEMENT**



**Park City, Utah**

**\$49,340,000\***  
**General Obligation and Refunding Bonds, Series 2019**

---

---

Electronic bids will be received up to 9:30:00 A.M., M.S.T., via the *PARITY*® electronic bid submission system, on Wednesday, February 20, 2019.

---

\* Preliminary; subject to change.

(This page has been intentionally left blank.)

**OFFICIAL NOTICE OF BOND SALE  
(Bond Sale To Be Conducted Electronically)**

**PARK CITY, UTAH**

**\$49,340,000\***

**GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2019**

Bids will be received electronically (as described under “PROCEDURES REGARDING ELECTRONIC BIDDING” below) by the City Manager of Park City, Utah (the “City”), via the PARITY® electronic bid submission system (“PARITY®”), at 9:30:00 a.m., Mountain Standard Time, on Wednesday, February 20, 2019, for the purchase (all or none) of the City’s \$49,340,000 General Obligation and Refunding Bonds, Series 2019 (the “2019 Bonds”). Pursuant to resolutions of the City Council of the City (the “City Council”) adopted on January 15, 2019, and January 29, 2019, the City Council has authorized the City Manager (or, in the event of her absence or incapacity, the City Treasurer, or in the event of her absence or incapacity, the Mayor), as the designated officer of the City (the “Designated Officer”), to review and consider the bids on Wednesday, February 20, 2019.

**DESCRIPTION OF BONDS:** The 2019 Bonds will be dated as of the date of issuance and delivery<sup>1</sup> thereof, will be issuable only as fully-registered bonds in book-entry form, and will be issued in denominations of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity. The 2019 Bonds will mature on February 1 of each of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT*
2020	\$ 2,930,000
2021	2,880,000
2022	3,030,000
2023	3,185,000
2024	3,345,000
2025	3,510,000
2026	2,830,000
2027	2,970,000
2028	3,120,000
2029	3,275,000
2030	3,440,000
2031	3,545,000
2032	3,650,000
2033	3,760,000
2034	<u>3,870,000</u>
Total	<u>\$49,340,000</u>

---

\* Preliminary; subject to change.

<sup>1</sup> The anticipated date of delivery of the 2019 Bonds is Tuesday, March 5, 2019.

**TERM BONDS AND MANDATORY SINKING FUND REDEMPTION AT BIDDER'S OPTION:** The 2019 Bonds scheduled to mature on two or more of the above-designated maturity dates may be rescheduled, at bidder's option, to mature as term bonds on one or more dates within that period, in which event the 2019 Bonds will mature and be subject to mandatory sinking fund redemption in such amounts and on such dates as will correspond to the above-designated maturity dates and principal amounts maturing on those dates.

**ADJUSTMENT OF PRINCIPAL AMOUNT OF THE 2019 BONDS:** The City may adjust the amortization schedule by adjusting the amount of principal maturing on one or more dates in order to properly size the issue consistent with then-current market conditions and applicable federal arbitrage regulations. If the City elects to make such an adjustment, the amount of such adjustment will be allocated to increase or decrease the principal amount of the 2019 Bonds maturing on one or more of the above-designated maturity dates for the 2019 Bonds, all as determined by the Designated Officer, with the advice of Zions Public Finance, Inc., the Municipal Advisor to the City (the "*Municipal Advisor*"). The Designated Officer expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., Mountain Standard Time, on the date of sale, of the amount, if any, by which the aggregate principal amount of the 2019 Bonds will be adjusted and the corresponding changes to the principal amount of the 2019 Bonds maturing on one or more of the above-designated maturity dates for the 2019 Bonds. Any such adjustment will be in an amount of \$5,000 or a whole multiple thereof. The City will consider the bid as having been made for the adjusted amount of the 2019 Bonds. The amount of the total purchase price for the 2019 Bonds bid by the successful bidder will be adjusted based upon the adjusted principal amount of the 2019 Bonds multiplied by a fraction, the numerator of which is the total purchase price for the 2019 Bonds specified in the bid and the denominator of which is \$49,340,000. Otherwise, there will be no change in the amount of the 2019 Bonds, the purchase price therefor or the principal amount of the 2019 Bonds maturing on the above-designated maturity dates.

To facilitate any adjustment in the principal amounts, the successful bidder is required to indicate to Zions Public Finance, Inc., the Municipal Advisor (the "*Municipal Advisor*") to the City, via e-mail ([brian.baker@zionsbancorp.com](mailto:brian.baker@zionsbancorp.com)) within one-half hour of the time of bid opening, the amount of any original issue discount or premium on each maturity of the 2019 Bonds and the amount received from the sale of the 2019 Bonds to the public that will be retained by the successful bidder as its compensation.

**RATINGS:** The City will at its own expense pay fees of Moody's Investors Service, S&P Global Ratings, and Fitch Ratings for rating the 2019 Bonds.

**PURCHASE PRICE:** The purchase price bid for the 2019 Bonds shall not be less than the principal amount of the 2019 Bonds.

**INTEREST RATES:** Bidders must specify the rate of interest with respect to each maturity of Bonds. Bidders will be permitted to bid different rates of interest for each separate maturity of Bonds, but:

- (a) the highest interest rate bid for any of the 2019 Bonds shall not exceed five percent (5.00%) per annum;
- (b) each interest rate specified in any bid must be in a multiple of one-eighth or one-twentieth of one percent (1/8th or 1/20th of 1%) per annum;
- (c) no 2019 Bond shall bear more than one rate of interest;

- (d) interest shall be computed from the dated date of a Bond to its stated maturity date at the single interest rate specified in the bid for the 2019 Bonds of such maturity;
- (e) the same interest rate shall apply to all Bonds maturing at one time;
- (f) the purchase price must be paid in immediately available funds and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for immediately available funds;
- (g) any premium must be paid in the funds specified for the payment of the 2019 Bonds as part of the purchase price;
- (h) there shall be no supplemental interest coupons; and
- (i) interest shall be computed on the basis of a 360-day year of 12, 30-day months.

Interest will be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2019.

**BOND REGISTRAR AND PAYING AGENT; PLACE OF PAYMENT:** Zions Bancorporation, National Association, Salt Lake City, Utah, will be the paying agent and bond registrar for the 2019 Bonds. The City may remove any paying agent and any bond registrar, and any successor thereto, and appoint a successor or successors thereto. So long as the 2019 Bonds are outstanding in book-entry form, the principal of and interest on the 2019 Bonds will be paid under the standard procedures of The Depository Trust Company (“DTC”).

**REDEMPTION PROVISIONS:** The 2019 Bonds maturing on or after February 1, 2030 are subject to redemption at the option of the City on February 1, 2029 (the “*First Redemption Date*”), and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as will be selected by the City, upon notice given as provided in the Resolution and described below, at a redemption price equal to 100% of the principal amount of the 2019 Bonds to be redeemed, plus accrued interest thereon to the redemption date. Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

**SECURITY:** The 2019 Bonds will be full general obligations of the City, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the City, fully sufficient to pay the same as to both principal and interest.

**AWARD:** Award or rejection of bids will be made by the City, acting through its Designated Officer, on Wednesday, February 20, 2019. The 2019 Bonds will be awarded to the responsible bidder offering to pay not less than the purchase price for the 2019 Bonds described above and specifying a rate or rates of interest that result in the lowest effective interest rate to the City. The effective interest rate to the City shall be the interest rate per annum determined on a per annum true interest cost (“*TIC*”) basis by discounting the scheduled semiannual debt service payments of the City on the 2019 Bonds (based on such rate or rates of interest so bid) to the dated date of the 2019 Bonds (based on a 360-day year consisting of 12, 30-day months), compounded semiannually and to the bid price.

**PROMPT AWARD:** The Designated Officer will take action awarding the 2019 Bonds or rejecting all bids not later than 6:00 p.m. Mountain Standard Time on Wednesday, February 20, 2019, unless such time of award is waived by the successful bidder.

**NOTIFICATION:** The Municipal Advisor, on behalf of the City, will notify the apparent successful bidder by telephone as soon as possible after the Designated Officer's receipt of bids, that such bidder's bid appears to be the best bid received which conforms to the requirements of this Official Notice of Bond Sale, subject to verification by the Designated Officer not later than 6:00 p.m. Mountain Standard Time on Wednesday, February 20, 2019.

**PROCEDURES REGARDING ELECTRONIC BIDDING:** A prospective bidder must communicate its bid for the 2019 Bonds electronically via PARITY® on or before 9:30:00 a.m., Mountain Standard Time, on Wednesday, February 20, 2019. No bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Official Notice of Bond Sale, the terms of this Official Notice of Bond Sale shall control. For further information about PARITY®, potential bidders may contact Zions Public Finance, Inc., the Municipal Advisor, at One South Main Street, 18<sup>th</sup> Floor, Salt Lake City, Utah 84133, telephone (801) 844-7373 or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021.

For purposes of PARITY®, the time as maintained by PARITY® shall constitute the official time.

*Each prospective bidder shall be solely responsible to register to bid via PARITY® as described above. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access PARITY® for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the City nor i-Deal LLC shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the City nor i-Deal LLC shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The City is using PARITY® as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the 2019 Bonds.*

**FORM OF BID:** Each bidder is required to transmit electronically via PARITY® an unconditional bid specifying the lowest rate or rates of interest and the purchase price, as described under "PURCHASE PRICE" above, at which the bidder will purchase the 2019 Bonds. Each bid must be for all the 2019 Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the 2019 Bonds represented on a TIC basis, as described under "AWARD" above, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of PARITY®; *provided, however*, that in the event a prospective bidder cannot access PARITY® through no fault of its own, it may so notify the Municipal Advisor by telephone at (801) 844-7373. Thereafter, it may submit its bid by telephone to the Municipal Advisor at (801) 844-7373, who shall transcribe such bid into written form, or by facsimile transmission to the Municipal Advisor at (801) 844-4484, in either case before 9:30:00 a.m., Mountain Standard Time, on Wednesday, February 20, 2019. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by facsimile transmission (as described above), the time as maintained by PARITY® shall constitute the official time. Each bid submitted as provided in this paragraph must specify: (a) an offer to purchase not less than all of the 2019 Bonds; and (b) the lowest rate or rates of interest and the purchase price, as described under "PURCHASE PRICE" above, at which the bidder will purchase the 2019 Bonds. The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission to an official of the City. Neither the City nor the Municipal Advisor assume any responsibility or liability from the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises

from equipment failure, unavailability of telephone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Municipal Advisor, the apparent successful bidder will provide written confirmation of its bid (by facsimile transmission) to the Municipal Advisor prior to 2:00 p.m., Mountain Standard Time, on Wednesday, February 20, 2019.

**RIGHT OF CANCELLATION:** The successful bidder shall have the right, at its option, to cancel its obligation to purchase the 2019 Bonds if the City shall fail to execute the 2019 Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying its bid.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$500,000 (the “*Deposit*”), is required of the successful bidder only. The Deposit shall be payable to the order of the City in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 p.m., Mountain Standard Time, on the date of sale. As an alternative to wiring funds, a bidder may deliver a cashier’s or certified check, payable to the order of the City, with its bid. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The City shall, as security for the faithful performance by the successful bidder of its obligation to take up and pay for the 2019 Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder and hold the proceeds of the Deposit of the successful bidder or invest the same (at the City’s risk) in obligations that mature at or before the delivery of the 2019 Bonds as described under the caption “MANNER AND TIME OF DELIVERY” below, until disposed of as follows: (a) at such delivery of the 2019 Bonds and upon compliance with the successful bidder’s obligation to take up and pay for the 2019 Bonds, the full amount of the Deposit held by the City, without adjustment for interest, shall be applied toward the purchase price of the 2019 Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the City; and (b) if the successful bidder fails to take up and pay for the 2019 Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the City as liquidated damages.

**SALE RESERVATIONS:** The City reserves the right: (a) to waive any irregularity or informality in any bid or in the electronic bidding process; (b) to reject any and all bids for the 2019 Bonds; and (c) to resell the 2019 Bonds as provided by law.

**MANNER AND TIME OF DELIVERY:** The successful bidder will be given at least seven business days’ advance notice of the proposed date of the delivery of the 2019 Bonds when that date has been determined. It is now estimated that the 2019 Bonds will be delivered in book–entry form on or about Tuesday, March 5, 2019. The 2019 Bonds will be delivered as a single bond certificate for each maturity of the 2019 Bonds, registered in the name of DTC or its nominee. Delivery of the 2019 Bonds will be made in Salt Lake City, Utah, except that the successful bidder may at its option and expense designate some other place of delivery, that expense to include travel expenses of two City officials or two representatives of the City and closing expenses. The successful bidder must also agree to pay for the 2019 Bonds in federal funds that will be immediately available to the City in Park City, Utah, on the day of delivery.

**CUSIP NUMBERS:** It is anticipated that CUSIP identification numbers will be printed on the 2019 Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the 2019 Bonds in accordance with terms of the contract of sale. All expenses in relation to the providing of CUSIP numbers for the 2019 Bonds shall be paid for by the successful bidder.

**TAX-EXEMPT STATUS:** In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the 2019 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel notes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds.

It is further the opinion of Bond Counsel that under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2019 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the 2019 Bonds may result in other state and local tax consequences to certain taxpayers; Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2019 Bonds. Prospective purchasers of the 2019 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

**ISSUE PRICE:** In order to enable the Board to comply with certain requirements of the Code, as amended, the successful bidder will be required to provide a certificate as to the “issue price” of the 2019 Bonds in substantially the form attached hereto as *Annex 1*. Each bidder, by submitting its bid, agrees to complete, execute and deliver such certificate, in form and substance satisfactory to Bond Counsel, by the date of delivery of the 2019 Bonds, if its bid is accepted by the Board. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation or otherwise to ascertain the facts necessary to make such certification. Any questions regarding the certificate should be directed to Farnsworth Johnson PLLC, Bond Counsel, (801) 932-0317, [brandon@farnsworthjohnson.com](mailto:brandon@farnsworthjohnson.com).

For purposes of federal tax issue price regulations, the Board expects that the sale of the 2019 Bonds will qualify as a competitive sale. In the event that the competitive sale requirements are not satisfied, the Board will advise the successful bidder and the successful bidder will be required to provide a certificate as to the “issue price” of the 2019 Bonds in substantially the form attached hereto as *Annex 2*.<sup>2</sup> In that case, the Board will treat the first price at which 10% of a maturity of the 2019 Bonds is sold to the public as the issue price of that maturity (the “10% Test”). The winning bidder shall advise the Board which, if any, maturities of the 2019 Bonds satisfy the 10% Test as of the date of sale of the 2019 Bonds. The Board will *not* require bidders to comply with the “hold-the-offering-price rule”.

In the event the competitive sale requirements are not satisfied, the successful bidder shall promptly report to the Board the price for each maturity of the 2019 Bonds for which the 10% Test has been satisfied. This reporting obligation shall continue until the 10% Test has been satisfied for all maturities of the 2019 Bonds. If the 10% Test for any maturity of the 2019 Bonds has not been satisfied by the date of delivery of the 2019 Bonds, the successful bidder shall provide a “date down” certificate as to the “issue price” after the date of delivery of the 2019 Bonds when the 10% Test has been satisfied with respect to such maturity.

---

<sup>2</sup> As described below, the successful bidder may also be required to provide a “date down” certificate or certificates as to the “issue price” of the 2019 Bonds after the date of delivery of the 2019 Bonds.

**LEGAL OPINION AND CLOSING CERTIFICATES:** The unqualified approving opinion of Farnsworth Johnson PLLC covering the legality of the 2019 Bonds will be furnished to the successful bidder. An opinion of the City Attorney and closing certificates will also be furnished, dated as of the date of delivery of and payment for the 2019 Bonds, including a statement that there is no litigation pending or, to the knowledge of the signer thereof, threatened affecting the validity of the 2019 Bonds.

**DISCLOSURE CERTIFICATE:** The closing papers will include a certificate executed by an officer of the City confirming to the successful bidder that, to the best of the knowledge of the signers thereof, and after reasonable investigation: (a) the Preliminary Official Statement (the "*Preliminary Official Statement*") circulated with respect to the 2019 Bonds did not at the time of the acceptance of the bid contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (b) the final Official Statement (the "*Official Statement*") did not as of its date and does not at the time of the delivery of the 2019 Bonds contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, should the Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the Official Statement shall relate to the Official Statement as so supplemented or amended.

**CONTINUING DISCLOSURE:** The City covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "*Undertaking*") to provide ongoing disclosure about the City for the benefit of the beneficial owners of the 2019 Bonds on or before the date of delivery of the 2019 Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed upon in writing by the successful bidder. The City has not failed to comply in all material respects with each and every Undertaking previously entered into by it pursuant to the Rule.

The successful bidder's obligation to purchase the 2019 Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the 2019 Bonds.

**DELIVERY OF COPIES OF OFFICIAL STATEMENT:** The City shall deliver to the successful bidder on such business day as directed in writing by the successful bidder, which is not earlier than the second business day or later than the seventh business day after the award of the 2019 Bonds as described under the caption "AWARD" above, copies of the Official Statement in sufficient quantity, as directed in writing by the successful bidder, to comply with paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

After the original issuance and delivery of the 2019 Bonds, if any event relating to or affecting the City shall occur as a result of which it is necessary in the opinion of counsel for the successful bidder to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a prospective purchaser, the City shall, for so long as the successful bidder is obligated by the Rule to deliver an Official Statement to prospective purchasers, forthwith prepare and furnish to the successful bidder such information with respect to itself as the successful bidder deems necessary to amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, in the light of the circumstances existing at the time the Official Statement is delivered to a prospective purchaser.

**MUNICIPAL ADVISOR:** The City has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the City with respect to preparation for sale of the 2019 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2019 Bonds.

**WAIVER OF CONFLICTS:** By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the City in the 2019 Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the City in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

**ADDITIONAL INFORMATION:** For copies of this Official Notice of Bond Sale, the Preliminary Official Statement and information regarding the electronic bidding procedures and other related information, contact Brian Baker ([brian.baker@zionsbancorp.com](mailto:brian.baker@zionsbancorp.com)), Zions Public Finance, Inc., One South Main Street, 18<sup>th</sup> Floor, Salt Lake City, Utah 84133, (801) 844-7373, fax: (801) 844-4484, the Municipal Advisor. The Preliminary Official Statement (including the Official Notice of Bond Sale) is also available at [i-dealprospectus.com](http://i-dealprospectus.com), [munihub.com](http://munihub.com) and [munios.com](http://munios.com).

DATED February 12, 2019.

PARK CITY, UTAH

By /s/ Andy Beerman  
Mayor

ANNEX 1

CERTIFICATE OF PURCHASER  
(COMPETITIVE SALE REQUIREMENTS SATISFIED)

[TO BE DATED THE CLOSING DATE]

The undersigned is an officer of \_\_\_\_\_ (the “Purchaser”), and as such officer I hereby certify as follows:

1. On February 20, 2019 (the “Sale Date”) the Purchaser purchased the \$\_\_\_\_\_ General Obligation and Refunding Bonds, Series 2019 (the “2019 Bonds”) of Park City, Utah (the “Issuer”) by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Sale” and having its bid accepted by the Issuer. The terms of the purchase have not been modified by the Purchaser since the Sale Date.

2. As of the Sale Date, the reasonably expected initial offering prices of the 2019 Bonds to the Public (defined below) are the prices shown on the inside cover page of the Official Statement, dated February 20, 2019, and related to the 2019 Bonds (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the maturities of the 2019 Bonds used by the Purchaser in formulating its bid to purchase the 2019 Bonds. Attached as *Schedule A* is a true and correct copy of the bid provided by the Purchaser to purchase the 2019 Bonds. “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than the Purchaser or a related party to the Purchaser.

3. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

All terms not defined herein shall have the same meanings as in the tax certificate with respect to the 2019 Bonds, to which this Certificate is attached.

Very truly yours,

[PURCHASER]

By \_\_\_\_\_

Its \_\_\_\_\_

**SCHEDULE A**

**COPY OF PURCHASER'S BID**

ANNEX 2

CERTIFICATE OF PURCHASER  
(COMPETITIVE SALE REQUIREMENTS *NOT* SATISFIED)

[TO BE DATED THE CLOSING DATE]

The undersigned is an officer of \_\_\_\_\_ (the “*Purchaser*”), and as such officer I hereby certify as follows:

1. On February 20, 2019 (the “*Sale Date*”) the Purchaser purchased the \$\_\_\_\_\_ General Obligation and Refunding Bonds, Series 2019 (the “*2019 Bonds*”) of Park City, Utah (the “*Issuer*”) by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Sale” and having its bid accepted by the Issuer. The terms of the purchase have not been modified by the Purchaser since the Sale Date.

2. As of the date of this certificate, for each maturity of the 2019 Bonds [other than the maturities listed in Schedule B (the “*Unsold Bonds*”)], the first price at which at least 10% of such maturity of the 2019 Bonds was sold to the Public (defined below) is [the price for each maturity of the 2019 Bonds shown on the inside cover page of the Official Statement, dated February 20, 2019, and related to the 2019 Bonds][listed in *Schedule A*]. [The Purchaser will provide information as to each maturity of the Unsold Bonds as they are sold and will provide a supplemental issue price certificate when at least 10% of each maturity of the 2019 Bonds has been sold.] “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than the Purchaser or a related party to the Purchaser.

All terms not defined herein shall have the same meanings as in the tax certificate with respect to the 2019 Bonds, to which this Certificate is attached.

Very truly yours,

[PURCHASER]

By \_\_\_\_\_

Its \_\_\_\_\_

**[SCHEDULE A]**

**SALE PRICES**

**[SCHEDULE B]**

**UNSOLD MATURITIES**

(This page has been intentionally left blank)

# PRELIMINARY OFFICIAL STATEMENT



**\$49,340,000\***

## Park City, Utah

### General Obligation and Refunding Bonds, Series 2019

---

---

On Wednesday, February 20, 2019 up to 9:30:00 A.M., M.S.T., electronic bids will be received by means of the **PARITY**<sup>®</sup> electronic bid submission system. See the “OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding.”

The 2019 Bonds, as defined herein, will be awarded to the successful bidder(s) and issued pursuant to resolutions of Park City, Utah (the “City”), January 15, 2019 and January 29, 2019.

*The City has deemed this PRELIMINARY OFFICIAL STATEMENT final as of the date hereof, for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion with certain information to be established at the time of sale of the 2019 Bonds as permitted by the Rule.*

For copies of the OFFICIAL NOTICE OF BOND SALE, the PRELIMINARY OFFICIAL STATEMENT, and other related information with respect to the 2019 Bonds contact the Municipal Advisor:



Zions Bank Building  
One S Main St 18<sup>th</sup> Fl  
Salt Lake City UT 84133-1109  
801.844.7373 | f 801.844.4484  
[eric.pehrson@zionsbancorp.com](mailto:eric.pehrson@zionsbancorp.com)

This PRELIMINARY OFFICIAL STATEMENT is dated February 12, 2019, and the information contained herein speaks only as of that date.

---

\* Preliminary; subject to change.

(This page has been intentionally left blank.)

# PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 12, 2019

## NEW ISSUE

**Ratings:** Fitch “AA+”; Moody’s “Aaa;” S&P “AA+”  
See “MISCELLANEOUS—Bond Ratings” herein.

*In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the 2019 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds.*



**\$49,340,000\***  
**Park City, Utah**

## General Obligation and Refunding Bonds, Series 2019

The \$49,340,000\* General Obligation and Refunding Bonds, Series 2019, are issued by the City as fully-registered bonds and will be initially issued in book-entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York. DTC will act as securities depository for the 2019 Bonds.

Principal of and interest on the 2019 Bonds (interest payable February 1 and August 1 of each year, commencing August 1, 2019) are payable by Zions Bancorporation, National Association, Corporate Trust Department, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See “THE 2019 BONDS—Book-Entry System” herein.

The 2019 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “THE 2019 BONDS—Redemption Provisions” and “—Mandatory Sinking Fund Redemption At Bidder’s Option” herein.

*The 2019 Bonds are general obligations of the City payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all the taxable property in the City, fully sufficient to pay the 2019 Bonds as to both principal and interest.*

---

**Dated:** Date of Delivery<sup>1</sup>

**Due:** February 1, as shown on inside front cover

**See the inside front cover for the maturity schedule of the 2019 Bonds**

---

**The 2019 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on Wednesday, February 20, 2019 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated February 12, 2019).**

**Zions Public Finance, Inc., Salt Lake City, Utah, is acting as Municipal Advisor.**

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire OFFICIAL STATEMENT to obtain information essential to the making of an informed investment decision.*

This OFFICIAL STATEMENT is dated February \_\_, 2019 and the information contained herein speaks only as of that date.

\* Preliminary; subject to change.

<sup>1</sup> The anticipated date of delivery is Tuesday, March 5, 2019.

# Park City, Utah

**\$49,340,000\***

## General Obligation and Refunding Bonds, Series 2019

**Dated: Date of Delivery<sup>1</sup>**

**Due: February 1, as shown below**

<u>Due February 1</u>	<u>CUSIP® 700246</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield/ Price</u>
2020.....		\$2,930,000	%	%
2021.....		2,880,000		
2022.....		3,030,000		
2023.....		3,185,000		
2024.....		3,345,000		
2025.....		3,510,000		
2026.....		2,830,000		
2027.....		2,970,000		
2028.....		3,120,000		
2029.....		3,275,000		
2030.....		3,440,000		
2031.....		3,545,000		
2032.....		3,650,000		
2033.....		3,760,000		
2034.....		3,870,000		

\$ \_\_\_\_\_ % Term Bond due February 1, 20\_\_—Price of \_\_\_\_\_ %  
(CUSIP®700246 \_\_)

\* Preliminary; subject to change.

<sup>1</sup> The anticipated date of delivery is Tuesday, March 5, 2019.

® CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ.

## Table Of Contents

<u>Page</u>	<u>Page</u>
INTRODUCTION..... 1	Overlapping And Underlying General Obligation Debt..... 22
Public Sale/Electronic Bid..... 1	Debt Ratios Regarding General Obligation Debt ..... 22
Park City, Utah ..... 1	General Obligation Legal Debt Limit And Additional Debt Incurring Capacity ..... 23
The 2019 Bonds..... 2	Federal Funding Cuts..... 24
Security..... 2	No Defaulted Obligations..... 24
Authority for And Purpose Of The 2019 Bonds..... 2	<b>FINANCIAL INFORMATION REGARDING PARK CITY, UTAH</b> ..... 24
Redemption Provisions..... 2	Fund Structure; Accounting Basis..... 24
Registration, Denominations, Manner Of Payment..... 3	Budgets And Budgetary Accounting..... 25
Tax Matters Regarding The 2019 Bonds..... 3	Financial Controls ..... 25
Professional Services..... 3	Sources Of General Fund Revenues..... 25
Conditions Of Delivery, Anticipated Date, Manner, And Place Of Delivery ..... 4	Five–Year Financial Summaries..... 26
Continuing Disclosure Undertaking ..... 4	Ad Valorem Tax Levy And Collection ..... 31
Basic Documentation..... 4	Public Hearing On Certain Tax Increases ..... 32
Contact Persons ..... 4	Property Tax Matters ..... 32
SECURITY AND SOURCES OF PAYMENT..... 5	Historical Ad Valorem Tax Rates..... 33
CONTINUING DISCLOSURE UNDERTAKING ..... 5	Comparative Ad Valorem Total Property Tax Rates Within Summit County ..... 34
Continuing Disclosure Undertaking For 2019 Bonds..... 5	Taxable, Fair Market And Market Value Of Property... 34
THE 2019 BONDS..... 6	Historical Summaries Of Taxable Value Of Property ... 35
General ..... 6	Tax Collection Record..... 36
Plan Of Refunding..... 6	Some Of The Largest Ad Valorem Property Tax Payers ..... 37
Registration And Transfer; Record Date ..... 6	Sales And Use Taxes; Franchise Taxes ..... 37
Sources And Uses Of Funds..... 7	LEGAL MATTERS ..... 37
Redemption Provisions..... 7	Absence Of Litigation Concerning The 2019 Bonds..... 37
Mandatory Sinking Fund Redemption At Bidder’s Option..... 8	General ..... 38
Book–Entry System ..... 9	TAX MATTERS ..... 38
Debt Service On The 2019 Bonds ..... 9	Federal Income Taxation of 2019 Bonds..... 38
PARK CITY, UTAH..... 9	Utah Income Taxation..... 40
General ..... 9	MISCELLANEOUS..... 40
Form Of Government ..... 10	Bond Ratings ..... 40
Employee Workforce And Retirement System; Other Post–Employment Benefits ..... 11	Municipal Advisor..... 40
Risk Management..... 11	Independent Auditors ..... 41
Investment Of Funds ..... 12	Additional Information..... 41
Population..... 13	APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018 ..... A–1
Employment, Income, Construction And Sales Taxes Within Park City, Summit County And The State Of Utah..... 14	APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL..... B–1
Largest Employers In The County..... 16	APPENDIX C— PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING ..... C–1
DEBT STRUCTURE OF PARK CITY, UTAH ..... 17	APPENDIX D—BOOK–ENTRY SYSTEM..... D–1
Outstanding General Obligation Bonded Indebtedness..... 17	
Outstanding Sales Tax Revenue Bonded Indebtedness..... 17	
Outstanding Water Revenue Bonded Indebtedness..... 18	
Other Financial Considerations ..... 18	
Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year..... 19	
Debt Service Schedule Of Outstanding Sales Tax Revenue Bonds By Fiscal Year..... 20	
Debt Service Schedule of Outstanding Water Revenue Bonds By Fiscal Year..... 21	

(This page has been intentionally left blank.)

This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2019 Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other informational representations must not be relied upon as having been authorized by any of: Park City, Utah (the “City”); Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); Zions Bancorporation, National Association, Corporate Trust Department, Salt Lake City, Utah, (as Paying Agent); the State of Utah; the successful bidder(s); or any other entity. The information contained herein has been obtained from the City, The Depository Trust Company, New York, New York, the State of Utah, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2019 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the City, since the date hereof.

The 2019 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

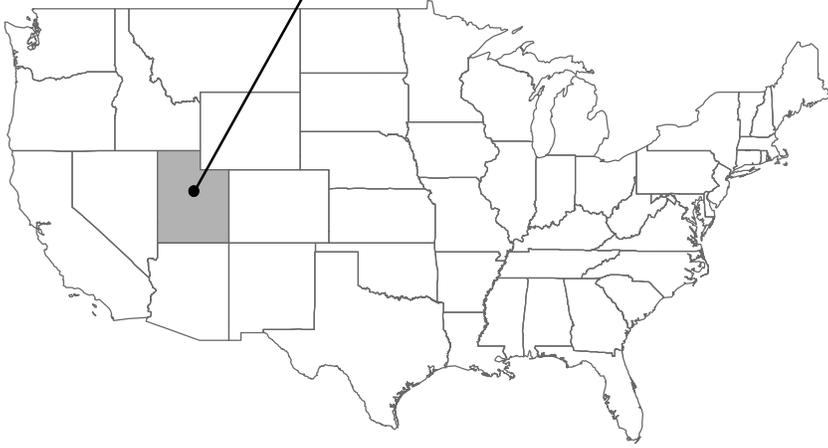
***The yields/prices at which the 2019 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2019 Bonds to dealers and others. With any offering of the 2019 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2019 Bonds. Such transactions may include overallocments in connection with the purchase of 2019 Bonds to stabilize their market price and to cover the successful bidder’s short positions. Such transactions, if commenced, may be discontinued at any time.***

***Forward-Looking Statements.*** Certain statements included or incorporated by reference in this OFFICIAL STATEMENT may constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as “plan,” “project,” “forecast,” “expect,” “estimate,” “budget” or other similar words. ***The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.***

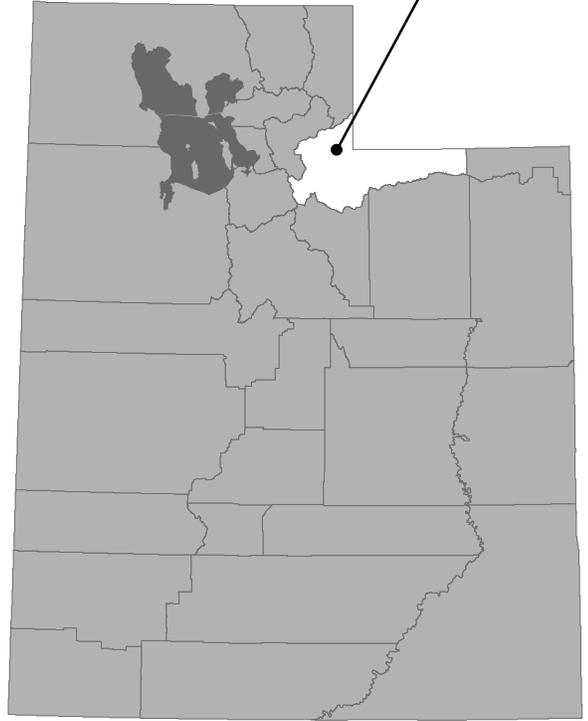
The CUSIP® (Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the 2019 Bonds because of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2019 Bonds.

***The information available at websites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided relating to the offering of the 2019 Bonds and is not a part of this OFFICIAL STATEMENT.***

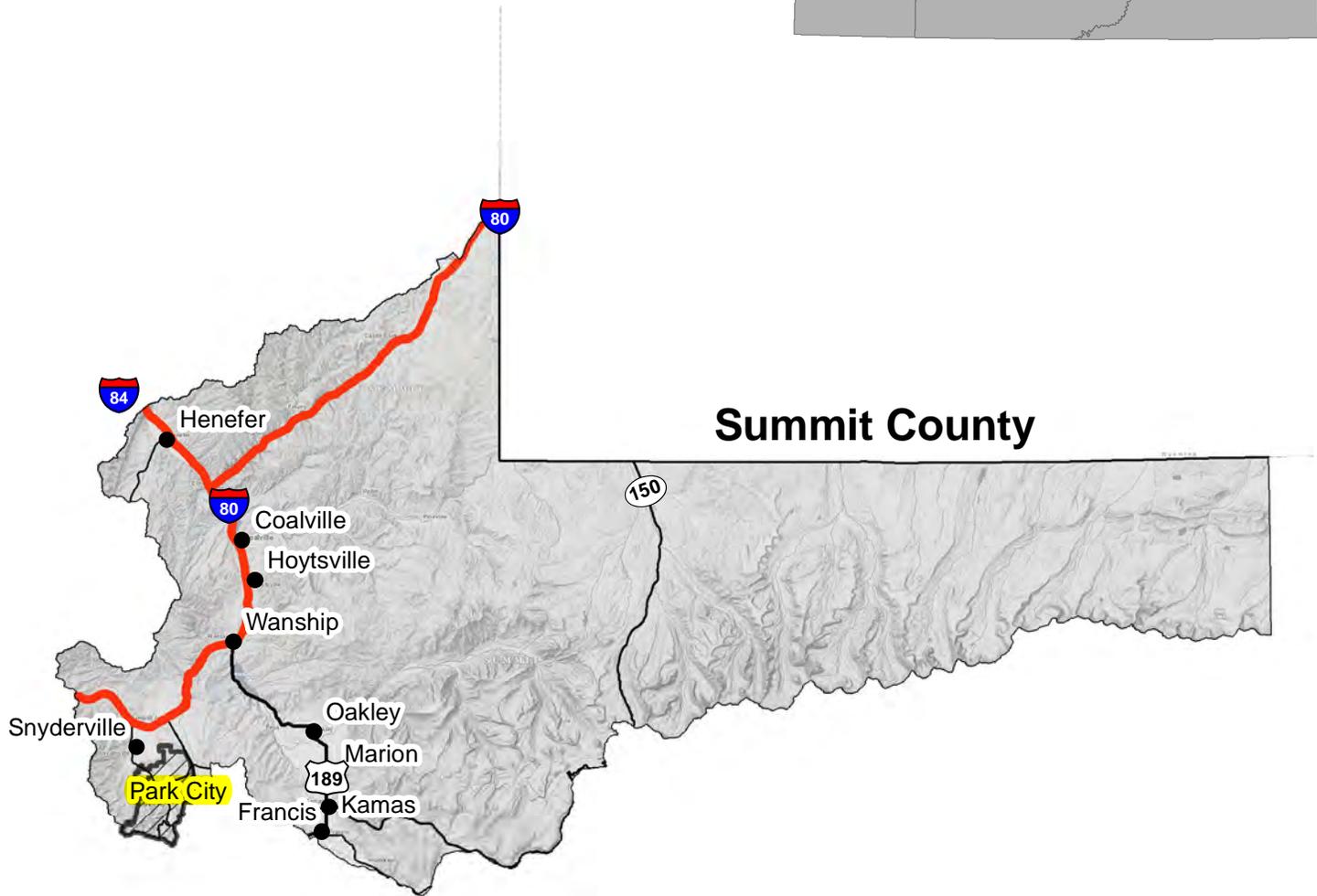
# Utah



# Summit County



# Summit County



# OFFICIAL STATEMENT RELATED TO

## Park City, Utah

**\$49,340,000\***

### General Obligation and Refunding Bonds, Series 2019

#### INTRODUCTION

This introduction is only a brief description of the 2019 Bonds, as hereinafter defined, the security and source of payment for the 2019 Bonds and certain information regarding Park City, Utah (the “City”). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT. Investors are urged to make a full review of the entire OFFICIAL STATEMENT.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018;” “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL;” “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING;” and “APPENDIX D—BOOK-ENTRY SYSTEM.”

When used herein the terms “Fiscal Year[s] 20YY” or “Fiscal Year[s] End[ed][ing] June 30, 20YY” shall refer to the year beginning on July 1 and ending on June 30 of the year indicated. When used herein the terms “Calendar Year[s] 20YY”; or “Calendar Year[s] End[ed][ing] December 31, 20YY” shall refer to the year beginning on January 1 and ending on December 31 of the year indicated. Capitalized terms used but not otherwise defined herein have the same meaning as given to them in the Resolutions (as hereinafter defined).

#### Public Sale/Electronic Bid

The 2019 Bonds will be awarded pursuant to competitive bidding received by means of the **PARITY**<sup>®</sup> electronic bid submission system on Wednesday, February 20, 2019 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated February 12, 2019).

See the “OFFICIAL NOTICE OF BOND SALE” above.

#### Park City, Utah

The City, incorporated in 1884, covers an area of approximately 18 square miles and is in the southwest portion of Summit County (the “County”), approximately 30 miles east of Salt Lake City, Utah. A small portion of the City overlaps into Wasatch County. The City had 8,378 residents per the 2017 U.S. Census Bureau estimates. See “PARK CITY, UTAH” below.

---

\* Preliminary; subject to change.

## **The 2019 Bonds**

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information about the issuance and sale by the City of its \$49,340,000\*, General Obligation and Refunding Bonds, Series 2019 (the “2019 Bonds” or the “2019 Bond”), initially issued in book–entry form.

### **Security**

The 2019 Bonds are general obligations of the City payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all the taxable property in the City, fully sufficient to pay the 2019 Bonds as to both principal and interest. See “SECURITY AND SOURCES OF PAYMENT” and “FINANCIAL INFORMATION REGARDING PARK CITY, UTAH—Ad Valorem Tax Levy And Collection” below.

### **Authority for And Purpose Of The 2019 Bonds**

*Authorization.* The 2019 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14 (the “Local Government Bonding Act”), Utah Code; the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code; and the applicable provisions of Title 53A of the Utah Code; and the Utah Refunding Bond Act, Title 11, Chapter 27 (the “Refunding Bond Act”); (ii) resolutions of the City adopted on January 15, 2019 and January 29, 2019 (collectively, the “Resolution”), which provide for the issuance of the 2019 Bonds, and (iii) other applicable provisions of law.

The new money portion of the 2019 Bonds was authorized at a special bond election held for that purpose on November 6, 2018 (the “2018 Bond Election”). The proposition submitted to the voters of the City was as follows:

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?

At the 2018 Bond Election there were 3,315 votes cast in favor of the issuance of bonds and 931 votes cast against the issuance of bonds, for a total vote count of 4,246, with approximately 78.1% in favor of the issuance of bonds.

The 2019 Bonds will be the first block of bonds to be issued from the 2018 Bond Election. After the sale and delivery of the 2019 Bonds, the City will have approximately \$3 million authorized unissued bonds from the 2018 Bond Election.

*Purpose.* Portions of the 2019 Bonds are being issued for financing the acquisition, improvement, and preservation of open space, park, and recreational land known as Treasure Hill and other projects as set forth in the 2018 Bond Election proposition and to pay certain costs of issuance. Portions of the 2019 Bonds are being issued to refund certain outstanding general obligation bonds previously issued by the City and pay certain costs of issuance. See “THE 2019 BONDS—Plan Of Refunding” and “Sources And Uses Of Funds” below.

### **Redemption Provisions**

The 2019 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “THE 2019 BONDS—Redemption Provisions” and “—Mandatory Sinking Fund Redemption At Bidder’s Option” below.

## Registration, Denominations, Manner Of Payment

The 2019 Bonds are issuable only as fully-registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2019 Bonds. Purchases of 2019 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC’s Direct Participants (as defined herein). Beneficial Owners (as defined herein) of the 2019 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2019 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined in “APPENDIX D—BOOK-ENTRY SYSTEM.”

Principal of and interest on the 2019 Bonds (interest payable February 1 and August 1 of each year, commencing August 1, 2019) are payable by Zions Bancorporation, National Association, Corporate Trust Department, Salt Lake City, Utah, as paying agent (the “Paying Agent”) for the 2019 Bonds, to the registered owners of the 2019 Bonds. So long as Cede & Co. is the registered owner of the 2019 Bonds, DTC will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2019 Bonds, as described in “APPENDIX D—BOOK-ENTRY SYSTEM.”

So long as DTC or its nominee is the registered owner of the 2019 Bonds, neither the City nor the Paying Agent will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2019 Bonds. *Under these same circumstances, references herein and in the Resolution to the “Bondowners” or “Registered Owners” of the 2019 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2019 Bonds.*

## Tax Matters Regarding The 2019 Bonds

In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 03 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the 2019 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds.

See “TAX MATTERS” below for a more complete discussion.

## Professional Services

In connection with the issuance of the 2019 Bonds, the following have served the City in the capacity indicated.

*Bond Registrar and Paying Agent*  
Zions Bancorporation, National Association  
Zions Bank Building  
One S Main St 12<sup>th</sup> Fl  
Salt Lake City UT 84133-1109  
801.844.7561 | f 855.547.5637  
[shelene.brown@zionsbancorp.com](mailto:shelene.brown@zionsbancorp.com)

*Bond Counsel*  
Farnsworth Johnson PLLC  
180 N University Ave Ste 260  
Provo UT 84601  
801.932.0317  
[brandon@farnsworthjohnson.com](mailto:brandon@farnsworthjohnson.com)

*Municipal Advisor*  
Zions Public Finance Inc  
Zions Bank Building  
One S Main St 18<sup>th</sup> Fl  
Salt Lake City UT 84133-1109  
801.844.7373 | f 801.844.4484  
[brian.baker@zionsbancorp.com](mailto:brian.baker@zionsbancorp.com)

**Conditions Of Delivery, Anticipated Date, Manner, And Place Of Delivery**

The 2019 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality of the 2019 Bonds by Farnsworth Johnson PLLC, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the City by Mark D. Harrington, City Attorney. It is expected that the 2019 Bonds, in book-entry form, will be available for delivery to DTC or its agent, on or about Tuesday, March 5, 2019.

**Continuing Disclosure Undertaking**

The City will execute a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2019 Bonds. For a detailed discussion of this undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

**Basic Documentation**

This OFFICIAL STATEMENT speaks only as of its date and the information contained herein is subject to change. Brief descriptions of the City, the 2019 Bonds, and the Resolution is included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Resolution is qualified in their entirety by reference to such document and references herein to the 2019 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution. The “basic documentation” which includes the Resolution, the closing documents and other documentation, authorizing the issuance of the 2019 Bonds and establishing the rights and responsibilities of the City and other parties to the transaction, may be obtained from the “contact persons” as indicated below.

**Contact Persons**

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to Zions Public Finance, Inc., Salt Lake City, Utah (the “Municipal Advisor”) to the City:

Brian Baker, Vice President, [brian.baker@zionsbancorp.com](mailto:brian.baker@zionsbancorp.com)  
Cara Bertot, Vice President, [cara.bertot@zionsbancorp.com](mailto:cara.bertot@zionsbancorp.com)

Zions Public Finance Inc  
Zions Bank Building  
One S Main St 18<sup>th</sup> Fl  
Salt Lake City UT 84133-1109  
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact person for the City concerning the 2019 Bonds is:

Nate Rockwood, Director of Redevelopment and Capital Management  
[nrockwood@parkcity.org](mailto:nrockwood@parkcity.org)

Park City  
445 Marsac Ave  
(P.O. Box 1480)  
Park City UT  
435.615.5000 | f 801.852.6107

## SECURITY AND SOURCES OF PAYMENT

The 2019 Bonds are general obligations of the City payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all the taxable property in the City, fully sufficient to pay the 2019 Bonds as to both principal and interest.

See “FINANCIAL INFORMATION REGARDING PARK CITY, UTAH—Ad Valorem Tax Levy And Collection” and “—Property Tax Matters” below.

## CONTINUING DISCLOSURE UNDERTAKING

### Continuing Disclosure Undertaking For 2019 Bonds

The City will execute a Continuing Disclosure Undertaking (the “Disclosure Undertaking”) for the benefit of the Beneficial Owners of the 2019 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”) pursuant to the requirements of paragraph (b)(5) of Rule 15c2–12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the form of Disclosure Undertaking in “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

*During the five years prior to the date of this OFFICIAL STATEMENT, the City has not failed to comply in all material respects with its prior undertakings pursuant to the Rule.*

The City will submit the Fiscal Year 2019 comprehensive annual financial report and other operating and financial information for the 2019 Bonds on or before January 1, 2020 (185 days from the end of the Fiscal Year), and annually thereafter on or before each January 1.

A failure by the City to comply with the Disclosure Undertaking will not constitute a default under the Resolution and the Beneficial Owners of the 2019 Bonds are limited to the remedies described in the Disclosure Undertaking. A failure by the City to comply with the annual disclosure requirements of the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2019 Bonds in the secondary market. Consequently, such a failure may adversely affect the marketability and liquidity of the 2019 Bonds and their market price.

## THE 2019 BONDS

### General

The 2019 Bonds will be dated the date of their original issuance and delivery<sup>1</sup> (the “Dated Date”) and will mature on February 1 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

The 2019 Bonds will bear interest from their Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2019 Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2019. Interest on the 2019 Bonds will be computed based on a 360-day year comprised of 12, 30-day months. Zions Bancorporation, National Association, Corporate Trust Department, Salt Lake City, Utah is the Bond Registrar (the initial “Bond Registrar”) and Paying Agent for the 2019 Bonds under the Resolution.

The 2019 Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

The 2019 Bonds are being issued within the constitutional debt limit imposed on cities in the State. See “DEBT STRUCTURE OF PARK CITY, UTAH—General Obligation Legal Debt Limit And Additional Debt Incurring Capacity” below.

### Plan Of Refunding

The City previously issued its \$10,000,000 (original principal amount), General Obligation Bonds, Series 2008, currently outstanding in the aggregate principal amount of \$4,675,000 (the “2008 Bonds”), the original proceeds of which were used for preserving open space within the City. Proceeds from the Bonds shall be used to refund the outstanding 2008 Bonds maturing on and after May 1, 2019\* (the “2008 Refunded Bonds”) and to redeem the 2008 Refunded Bonds at a redemption price of 100% of the principal amount thereof on or about the date of delivery of the 2019 Bonds. The 2008 Refunded Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

<u>Scheduled Maturity (May 1)</u>	<u>Redemption Date</u>	<u>CUSIP® 700246</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Redemption Price</u>
2019.....	March 5, 2019	EE7	\$ 695,000	4.00 %	100%
2020.....	March 5, 2019	EF4	725,000	4.00	100
2021.....	March 5, 2019	EG2	760,000	4.125	100
2022.....	March 5, 2019	EH0	795,000	4.250	100
2023.....	March 5, 2019	EJ6	830,000	4.375	100
2024.....	March 5, 2019	EK3	<u>870,000</u>	4.50	100
Totals.....			<u>\$4,675,000</u>		

### Registration And Transfer; Record Date

*Registration and Transfer.* In the event the book-entry system is discontinued, any 2019 Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by such owner’s duly authorized attorney, upon surrender of such 2019 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Bond Registrar. No transfer will be effective until entered on the registration books kept by the Bond Registrar. Whenever any 2019 Bond is surrendered for trans-

<sup>1</sup> The anticipated date of delivery is Tuesday, March 5, 2019.

\* Preliminary; subject to change.

fer, the Bond Registrar will authenticate and deliver a new fully-registered 2019 Bond or 2019 Bonds of the same series, designation, maturity and interest rate and of authorized denominations duly executed by the City, for a like aggregate principal amount.

The 2019 Bonds may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of fully-registered 2019 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2019 Bonds, the Bond Registrar will require the payment by the registered owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such exchange or transfer of the 2019 Bonds.

*Record Date.* The term “Record Date” means (i) with respect to each interest payment date, the day that is 15 days preceding such interest payment date, or if such day is not a business day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar, and (ii) with respect to any redemption of any 2019 Bond such Record Date as is specified by the Bond Registrar in the notice of redemption, provided that such Record Date will be not less than 15 calendar days before the mailing of such notice of redemption. The Bond Registrar will not be required to transfer or exchange any 2019 Bond (a) after the Record Date with respect to any interest payment date to and including such interest payment date, or (b) after the Record Date with respect to any redemption of such 2019 Bond.

The City, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2019 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner thereof for receiving payment of, or on account of, the principal (on the 2019 Bonds) and interest due thereon and for all other purposes whatsoever.

**Sources And Uses Of Funds**

The proceeds from the sale of the 2019 Bonds are estimated to be applied as set forth below:

Sources of Funds:

Par amount of 2019 Bonds.....	\$
Original issue premium.....	
Total .....	\$

Uses of Funds:

Deposit to project account .....	\$
Deposit to current refunding .....	
Underwriter’s discount.....	
Original issue discount.....	
Costs of Issuance (1).....	
Total .....	\$

---

(1) Includes legal fees, Municipal Advisor fees, rating agency fees, Bond Registrar and Paying Agent fees, rounding amounts and other miscellaneous costs of issuance.

(Source: Municipal Advisor.)

**Redemption Provisions**

*Optional Redemption.* The 2019 Bonds maturing on and after February 1, 2030 are subject to redemption prior to maturity in whole or in part at the option of the City on February 1, 2029 (the “First Redemption Date”) or on any date thereafter, from such maturities or parts thereof as shall be selected by the City, at the redemption price of 100% of the principal amount to be redeemed plus accrued interest thereon to

the redemption date, upon not less than 30 days' prior written notice. 2019 Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

*Selection for Redemption.* If less than all 2019 Bonds of any maturity are to be redeemed, the 2019 Bonds or portion of 2019 Bonds of such maturity to be redeemed will be selected at random by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate. The portion of any registered 2019 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or a whole multiple thereof, and in selecting portions of such 2019 Bonds for redemption, the Bond Registrar will treat each such 2019 Bond as representing that number of 2019 Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 2019 Bond by \$5,000.

*Notice of Redemption.* Notice of redemption will be given by the Bond Registrar by registered or certified mail, not less than 30 nor more than 45 days prior to the redemption date, to the owner, as of the Record Date, as defined under "THE 2019 BONDS—Registration And Transfer" below, of each 2019 Bond that is subject to redemption, at the address of such owner as it appears on the registration books of the City kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption will state the Record Date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the 2019 Bonds are to be redeemed, the distinctive numbers of the 2019 Bonds or portions of 2019 Bonds to be redeemed, and will also state that the interest on the 2019 Bonds in such notice designated for redemption will cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the 2019 Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date.

Each notice of optional redemption may further state that such redemption will be conditioned upon the receipt by the Paying Agent, on or prior to the date fixed for redemption, of moneys sufficient to pay the principal of and premium, if any, and interest on such 2019 Bonds to be redeemed and that if such moneys have not been so received the notice will be of no force or effect and the City will not be required to redeem such 2019 Bonds. If such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made and the Bond Registrar will within a reasonable time thereafter give notice, in the way the notice of redemption was given, that such moneys were not so received. Any such notice mailed will be conclusively presumed to have been duly given, whether the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any 2019 Bond will not affect the validity of the proceedings for redemption with respect to any other 2019 Bond.

In addition to the foregoing notice, further notice of such redemption will be given by the Bond Registrar to DTC and certain registered securities depositories and national information services as provided in the Resolution, but no defect in such further notice nor any failure to give all or any portion of such notice will in any manner affect the validity of a call for redemption if notice thereof is given as prescribed above and in the Resolution.

*For so long as a book-entry system is in effect with respect to the 2019 Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants or any failure of the Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2019 Bonds. See "THE 2019 BONDS—Book-Entry System" below.*

### **Mandatory Sinking Fund Redemption At Bidder's Option**

The 2019 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See "OFFICIAL NOTICE OF BOND SALE—Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option."

**Book–Entry System**

DTC will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully–registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully–registered 2019 Bond certificate will be issued for each maturity of the 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX D—BOOK–ENTRY SYSTEM” for a more detailed discussion of the book–entry system and DTC.

**Debt Service On The 2019 Bonds**

<u>Payment Date</u>	<u>The 2019 Bonds</u>		<u>Period Total</u>	<u>Fiscal Total</u>
	<u>Principal*</u>	<u>Interest</u>		
August 1, 2019.....	\$ 0.00	\$		
February 1, 2020.....	2,930,000.00			
August 1, 2020.....	0.00			
February 1, 2021.....	2,880,000.00			
August 1, 2021.....	0.00			
February 1, 2022.....	3,030,000.00			
August 1, 2022.....	0.00			
February 1, 2023.....	3,185,000.00			
August 1, 2023.....	0.00			
February 1, 2024.....	3,345,000.00			
August 1, 2024.....	0.00			
February 1, 2025.....	3,510,000.00			
August 1, 2025.....	0.00			
February 1, 2026.....	2,830,000.00			
August 1, 2026.....	0.00			
February 1, 2027.....	2,970,000.00			
August 1, 2027.....	0.00			
February 1, 2028.....	3,120,000.00			
August 1, 2028.....	0.00			
February 1, 2029.....	3,275,000.00			
August 1, 2029.....	0.00			
February 1, 2030.....	3,440,000.00			
August 1, 2030.....	0.00			
February 1, 2031.....	3,545,000.00			
August 1, 2031.....	0.00			
February 1, 2032.....	3,650,000.00			
August 1, 2032.....	0.00			
February 1, 2033.....	3,760,000.00			
August 1, 2033.....	0.00			
February 1, 2034.....	<u>3,870,000.00</u>			
Totals.....	<u>\$49,340,000.00</u>	\$		\$

\* Preliminary; subject to change.

(Source: Municipal Advisor.)

**PARK CITY, UTAH**

**General**

The City, incorporated in 1884, covers an area of approximately 18 square miles and is in the southwest portion of the County, approximately 30 miles east of Salt Lake City, Utah. A small portion of the

City overlaps into Wasatch County. The City had 8,378 residents per the 2017 U.S. Census Bureau estimates.

The City maintains a website that may be accessed at <http://parkcity.org>.

The County is situated in the north central portion of the State and is located approximately 10 miles east of Salt Lake City, Utah. Established in 1853, the County is bordered on the west by Salt Lake County and encompasses approximately 1,871 square miles of land. The County had approximately 41,106 residents per the 2017 U.S. Census Bureau estimates (and ranked as the 10<sup>th</sup> most populous county in the State out of 29 counties). The County seat is Coalville City.

The City's estimated 2017 permanent population significantly understates the scale of the City. The City has approximately 9,400 dwelling units including more than 6,400 secondary residences. With an overnight rental capacity for approximately 28,275 persons, the City can accommodate a daytime population of approximately 50,000 people. *For detailed general information regarding the City's local economy and economic trends see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Introductory Section—Introductory Letter" (CAFR page i).*

### **Form Of Government**

Cities of the fifth class, such as the City, are those with fewer than 10,000 and more than 1,000 inhabitants. The City is organized under general law and governed by a six-member council consisting of the Mayor (the "Mayor") and five councilmembers who are each elected to serve four-year terms (collectively, the "City Council"). The Mayor presides over all City Council meetings but may not vote, except in the case of a tie vote by the councilmembers and certain other circumstances specified under State law. The City Council has appointed a city manager to perform, execute and administrative duties and functions delegated by the City Council to the city manager.

The principal powers and duties of State municipalities are generally set forth in Utah Code Title 10, Chapter 8 and include the authority to pass all ordinances and rules, and make all regulations necessary for the safety and preserve the health, and promote the prosperity, improve the morals, peace and good order, comfort, and convenience of the city and its inhabitants, and for the protection of property in the city. Municipalities construct public improvements and maintain streets, sidewalks, and waterworks. Municipalities also regulate commercial and residential development within their boundaries by means of zoning ordinances, building codes and licensing procedures. Fire protection and water reclamation/sewers are provided by separate special service districts of Summit County.

Organizations which are related to the City and are controlled by or financially accountable to the City's governing body, the City Council, are: The Park City Municipal Building Authority, the Park City Redevelopment Agency, Park City Water Service District, and the Park City Housing Authority. The City Council is the appointed board for all four agencies.

(The remainder of this page has been intentionally left blank.)

The current members of the City Council, the Mayor and the City administration have the following respective terms in office:

<u>Office/District</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Term</u>
Mayor (1) .....	Andy Beerman	1	January 2022
Council Member .....	Rebecca Gerber	3	January 2020
Council Member .....	Tim Henney	5	January 2022
Council Member .....	Steve Joyce	1	January 2022
Council Member .....	Lynn Ware–Peek	1	January 2020
Council Member .....	Nann Worel	3	January 2020
City Manager .....	Diane Foster	6	Appointed
City Attorney .....	Mark D. Harrington	18	Appointed
City Recorder .....	Michelle Kellogg	3	Appointed
City Treasurer .....	Mindy Finlinson	2	Appointed
Director of Redevelopment and Capital Management.....	Nate Rockwood	6	Appointed
Finance Manager.....	Rebecca Gillis	6	Appointed

(1) Mayor Beerman served as a City Council member for seven years prior to serving as Mayor.

(Source: The City, compiled by the Municipal Advisor)

### **Employee Workforce And Retirement System; Other Post–Employment Benefits**

*Employee Workforce and Retirement System.* The City employed approximately 400 full–time equivalent employees as of Fiscal Year 2018. For a 10–year Fiscal Year history of the City’s full–time employment numbers see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018–Statistical Section–Schedule 22–Full–time Equivalent City Government Employees by Function” (CAFR page 134).

The City participates in cost–sharing multiple employer defined benefit pension plans covering public employees of the State and employees of participating local government entities administered by the Utah State Retirement Systems (“URS”). The retirement system provides retirement benefits, a deferred compensation plan, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes.

For a detailed discussion regarding retirement benefits and contributions See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018–Notes to the Financial Statements–Note F. Retirement Plans” (CAFR page 70) and “–Note G. Defined Contribution Plans” (CAFR page 81).

*No Post–Employment Benefits.* The City has no post–employment benefit liabilities.

### **Risk Management**

The City insures its comprehensive general liability risks with insurance policies. The City has various deductible amounts with various insurance policies at replacement cost. As of the date of this OFFICIAL STATEMENT, all policies are current and in force. The City believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the City provides. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018–Notes to the Financial Statements–Note K. Risk Management” (CAFR page 83) and “–Statistical Section–Schedule 28–Schedule of Insurance in Force” (CAFR page 140).

## Investment Of Funds

*The State Money Management Act.* The State Money Management Act, Title 51, Chapter 7 of the Utah Code (the “Money Management Act”), governs and establishes criteria for the investment of all public funds held by public treasurers in the State. The Money Management Act provides a limited list of approved investments, including qualified in–state and permitted out–of–state financial institutions, obligations of the State and political subdivisions of the State, U.S. Treasury and approved federal government agency and instrumentality securities, certain investment agreements and repurchase agreements and investments in corporate securities meeting certain ratings requirements. The Money Management Act establishes the State Money Management Council (the “Money Management Council”) to exercise oversight of public deposits and investments. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The City is currently complying with all the provisions of the Money Management Act for all City operating funds.

*The Utah Public Treasurers’ Investment Fund.* A significant portion of City funds may be invested in the Utah Public Treasurers Investment Fund (“PTIF”). The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. All investments in the PTIF must comply with the Money Management Act and rules of the Money Management Council. The PTIF invests primarily in money market securities. Securities in the PTIF include certificates of deposit, commercial paper, short–term corporate notes, and obligations of the U.S. Treasury and securities of certain agencies of the federal government. By policy, the maximum weighted average adjusted life of the portfolio is not to exceed 90 days and the maximum final maturity of any security purchased by the PTIF is limited to five years. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act.

All securities purchased are delivered versus payment to the custody of the State Treasurer or the State Treasurer’s safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the Money Management Council and is audited by the State Auditor. The PTIF is not rated.

See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Notes to the Financial Statements—Note B. Cash, Cash Equivalents and Investments” (CAFR page 53).

*Investment of 2019 Bond Proceeds.* Certain proceeds of the 2019 Bonds will be held by the City and invested to be readily available. The 2019 Bond proceeds may also be invested in the PTIF or other investments authorized under the Money Management Act.

(The remainder of this page has been intentionally left blank.)

**Population**

	<u>City</u>	% Change From Prior Period	<u>County</u>	% Change From Prior Period
2017 Estimate.....	8,378	10.8	41,106	13.2
2010 Census.....	7,558	2.5	36,324	22.2
2000 Census.....	7,371	65.0	29,736	91.66
1990 Census.....	4,468	58.3	15,518	52.29
1980 Census.....	2,823	136.6	10,198	73.5
1970 Census.....	1,193	(12.7)	5,879	3.6
1960 Census.....	1,366	(39.4)	5,673	(15.9)
1950 Census.....	2,254	(39.7)	6,745	(22.6)
1940 Census.....	3,739	(12.7)	8,714	(8.5)
1930 Census.....	4,281	26.2	9,527	21.2
1920 Census.....	3,393	(1.3)	7,862	(4.1)
1910 Census.....	3,439	(8.5)	8,200	(13.1)

(Source: U.S. Department of Commerce, Bureau of the Census.)

For the City’s presentation of population statics see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section—Schedule 23. Population Statistics” (CAFR page 135).

(The remainder of this page has been intentionally left blank.)

## Employment, Income, Construction, and Sales Taxes Within Park City, Summit County, and the State of Utah

### Labor Force, Nonfarm Jobs, and Wages within Summit County

	Calendar Year (1)						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017-18	2016-17	2015-16	2014-15	2013-14
Civilian labor force (2).....	22,746	24,597	23,964	23,120	22,543	22,039	(7.5)	2.6	3.7	2.6	2.3
Employed persons.....	22,004	23,839	23,212	22,355	21,769	21,124	(7.7)	2.7	3.8	2.7	3.1
Unemployed persons.....	742	758	752	765	774	915	(2.1)	0.8	(1.7)	(1.2)	(15.4)
Total private sector (average).....	22,163	24,018	23,662	22,616	21,656	20,768	(7.7)	1.5	4.6	4.4	4.3
Agriculture, forestry, fishing and hunting.....	29	32	67	81	64	59	(9.4)	(52.2)	(17.3)	26.6	8.5
Mining.....	96	76	52	74	79	78	26.3	46.2	(29.7)	(6.3)	1.3
Utilities.....	44	47	48	48	44	45	(6.4)	(2.1)	0.0	9.1	(2.2)
Construction.....	1,786	1,665	1,542	1,568	1,343	1,177	7.3	8.0	(1.7)	16.8	14.1
Manufacturing.....	836	795	773	790	779	777	5.2	2.8	(2.2)	1.4	0.3
Wholesale trade.....	361	319	214	235	280	245	13.2	49.1	(8.9)	(16.1)	14.3
Retail trade.....	3,398	3,511	3,647	3,571	3,485	3,414	(3.2)	(3.7)	2.1	2.5	2.1
Transportation and warehousing.....	191	404	453	439	408	379	(52.7)	(10.8)	3.2	7.6	7.7
Information.....	393	327	350	314	289	279	20.2	(6.6)	11.5	8.7	3.6
Finance and insurance.....	448	488	473	479	450	391	(8.2)	3.2	(1.3)	6.4	15.1
Real estate, rental and leasing.....	1,232	1,250	1,313	1,317	1,320	1,284	(1.4)	(4.8)	(0.3)	(0.2)	2.8
Professional, scientific, and technical services.....	1,485	1,329	1,281	1,185	1,087	983	11.7	3.7	8.1	9.0	10.6
Management of companies and enterprises.....	229	280	259	251	186	98	(18.2)	8.1	3.2	34.9	89.8
Admin., support, waste mgmt., remediation.....	943	941	966	845	797	780	0.2	(2.6)	14.3	6.0	2.2
Education services.....	315	327	408	428	376	780	(3.7)	(19.9)	(4.7)	13.8	(51.8)
Health care and social assistance.....	1,477	1,487	1,406	1,271	1,183	329	(0.7)	5.8	10.6	7.4	259.6
Arts, entertainment and recreation.....	2,661	3,636	3,617	3,304	3,276	3,234	(26.8)	0.5	9.5	0.9	1.3
Accommodation and food services.....	5,432	6,353	6,101	5,819	5,612	5,544	(14.5)	4.1	4.8	3.7	1.2
Other services.....	836	784	720	639	636	632	6.6	8.9	12.7	0.5	0.6
Total public sector (average).....	2,986	2,891	2,841	2,772	2,701	2,611	3.3	1.8	2.5	2.6	3.4
Federal government.....	50	55	56	55	57	56	(9.1)	(1.8)	1.8	(3.5)	1.8
State government.....	118	164	161	161	160	159	(28.0)	1.9	0.0	0.6	0.6
Local government.....	2,818	2,673	2,624	2,556	2,484	2,396	5.4	1.9	2.7	2.9	3.7
Total payroll (in millions) (2).....	\$ 288	\$ 1,189	\$ 1,099	\$ 1,043	\$ 936	\$ 855	8.4	8.1	5.4	11.5	9.4
Average monthly wage.....	\$ 3,821	\$ 3,681	\$ 3,456	\$ 3,424	\$ 3,202	\$ 3,049	8.1	6.5	0.9	6.9	5.0
Average employment.....	25,149	26,909	26,503	25,388	24,356	23,379	0.2	1.5	4.4	4.2	4.2
Establishments.....	2,882	2,793	2,684	2,605	2,526	2,428	3.8	4.1	3.0	3.1	4.0

(1) Utah Department of Workforce Services.

(2) For the year 2018, information as of October.

(3) For the year of 2018, information as of the second quarter; comparison made to second quarter 2017.

**Employment, Income, Construction, and Sales Taxes Within Park City, Summit County, and the State of Utah—continued**

**Personal Income; Per Capita Personal Income; Median Household Income within Summit County and the State of Utah (1)**

	Calendar Year						% change from prior year					
	2017	2016	2015	2014	2013	2012	2016-17	2015-16	2014-15	2013-14	2012-13	
Total Personal Income (in \$1,000's):												
Summit County.....	\$ 5,012,126	\$ 4,696,018	\$ 4,476,539	\$ 3,836,251	\$ 3,621,922	\$ 3,490,090	6.7	4.9	16.7	5.9	3.8	
State of Utah.....	134,803,819	128,407,025	121,876,444	113,230,001	106,612,905	103,227,839	5.0	5.4	7.6	6.2	3.3	
Total Per Capita Personal Income:												
Summit County.....	121,932	116,267	113,047	98,116	94,171	92,089	4.9	2.8	15.2	4.2	2.3	
State of Utah.....	43,459	42,179	40,831	38,531	36,764	36,167	3.0	3.3	6.0	4.8	1.7	
Median Household Income:												
Summit County.....	94,952	94,540	93,235	92,560	81,907	84,672	0.4	1.4	0.7	13.0	(3.3)	
State of Utah.....	65,325	65,931	64,097	60,943	59,715	57,067	(0.9)	2.9	5.2	2.1	4.6	

**Construction within Park City, Utah (Summit County Only) (2)**

	Calendar Year						% change from prior year					
	2018 (3)	2017	2016	2015	2014	2013	2017-18 (1)	2016-17	2015-16	2014-15	2013-14	
Number new dwelling units.....	88.0	21.0	105.0	104.0	72.0	56.0	528.6	(80.0)	1.0	44.4	28.6	
New (in \$1,000's):												
Residential value.....	\$ 63,499.2	\$ 14,174.9	\$ 48,532.4	\$ 54,874.4	\$ 51,786.7	\$ 33,650.6	555.7	(70.8)	(11.6)	6.0	53.9	
Non-residential value.....	49,587.7	34,935.6	5,295.8	18,352.1	19,263.2	1,260.1	339.5	559.7	(71.1)	(4.7)	1,428.7	
Additions, alterations, repairs (in \$1,000's):												
Residential value.....	29,869.9	16,118.8	44,487.3	27,659.5	34,171.9	25,749.9	129.2	(63.8)	60.8	(19.1)	32.7	
Non-residential value.....	7,997.0	43,777.7	8,086.6	31,743.8	41,710.2	7,640.9	(53.9)	441.4	(74.5)	(23.9)	445.9	
Total construction value (in \$1,000's).....	\$ 150,953.8	\$ 109,007.0	\$ 106,402.1	\$ 132,629.8	\$ 146,932.0	\$ 68,301.5	194.0	2.4	(19.8)	(9.7)	115.1	

**Sales Taxes Within Park City, Summit County, and the State of Utah (4)**

	Calendar Year						% change from prior year					
	2017	2016	2015	2014	2013	2012	2015-16*	2014-15	2013-14	2012-13	2011-12	
Gross Taxable Sales (in \$1,000's):												
Park City.....	\$ 969,124	\$ 884,380	\$ 824,238	\$ 746,910	\$ 689,908	\$ 680,070	9.6	7.3	10.4	8.3	1.4	
Summit County.....	2,002,072	1,869,420	1,743,687	1,570,920	1,469,760	1,360,925	7.1	7.2	11.0	6.9	8.0	
State of Utah.....	61,031,692	56,502,434	53,933,277	51,709,163	49,404,046	47,531,180	8.0	4.8	4.3	4.7	3.9	
	Fiscal Year						% change from prior year					
	2017	2016	2015	2014	2013	2012	2015-16	2014-15	2013-14	2012-13	2011-12	
Local Sales and Use Tax Distribution:												
Park City.....	\$ 5,557,742	\$ 5,148,224	\$ 4,707,996	\$ 4,344,792	\$ 4,169,274	\$ 4,076,014	8.0	9.4	8.4	4.2	2.3	
Summit County (and all cities).....	13,425,610	12,594,267	11,558,616	10,773,646	10,130,250	9,553,155	6.6	9.0	7.3	6.4	6.0	

\* Preliminary; subject to change.

- (1) U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.
- (2) University of Utah Kem C. Gardner Policy Institute, Ivory-Boyer Utah Report and Database.
- (3) Information as of October 2018; annual comparison made to October 2017.
- (4) Utah State Tax Commission.

## Largest Employers In The County

Major employers (over 100 employees) in the County area include:

<u>Firm</u>	<u>Business</u>	<u>Employees</u>
Deer Valley Resort .....	Other amusement and recreation	2,000–3,000
Park City Mountain Resort .....	Other amusement and recreation	1,000–2,000
Park City .....	Public administration	500–1,000
Park City School District .....	Primary education services	500–1,000
Park City Surgical Center .....	Offices of physicians	500–1,000
Montage Hotels & Resorts.....	Traveler accommodations	250–500
Resort Express, Inc. ....	Taxi and limousine service	250–500
South Summit School District .....	Primary education services	250–500
Stein Eriksen Lodge.....	Traveler accommodations	250–500
Summit County.....	Public administration	250–500
Backcountry.com Inc.....	Electronic trade and mail order	100–250
CFI Resorts Management Inc. ....	Lessors of real estate	100–250
Dakota Mountain Lodge .....	Other amusement and recreation	100–250
Fresh Markets .....	Retail trade	100–250
Hotel Park City .....	Traveler accommodation	100–250
Jans Ltd. ....	Sporting goods, hobby	100–250
Marriott Resorts.....	Traveler accommodation	100–250
North Summit School District .....	Primary education services	100–250
Park City Fire Service District.....	Justice, public order and safety	100–250
Promontory Development, LLC .....	Other amusement and recreation	100–250
Skullcandy Inc. ....	Audio and equipment manufacturing	100–250
Squatters Roadhouse Grill .....	Restaurants	100–250
Smith’s Food & Drug Centers .....	Retail trade	100–250
Snyderville Basin Special Recreation District.....	Public recreation	100–250
State of Utah .....	Justice, public order and safety	100–250
Resort Express, Inc., (debtor in possession) .....	Taxi and limousine service	100–250
The Home Depot .....	Retail trade	100–250
Triumph Gear Systems Inc. ....	Aerospace manufacturing	100–250
Utah Athletic Foundation .....	Arts, entertainment and recreation	100–250
Wal Mart.....	Retail trade	100–250

(Source: Utah Department of Workforce Services. Updated September 2018.)

For additional demographic, economic, and principal employers as of the City’s historical Fiscal Years see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section—Schedule 20. Demographic and Economic Statistics” (CAFR page 132) and “—Schedule 21. Principal Employers—Current Year and Nine Years Ago” (CAFR page 133).

### Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Summit County</u>	<u>State of Utah</u>	<u>United States</u>
2018 (1).....	2.9%	3.2%	3.9%
2017 .....	3.1	3.2	4.4
2016 .....	3.3	3.4	4.9
2015 .....	3.3	3.6	5.3
2014 .....	3.4	3.8	6.2
2013 .....	4.2	4.6	7.4

(1) Preliminary, subject to change. As of December 2018 (seasonally adjusted).

(Source: Utah Department of Workforce Services.)

## DEBT STRUCTURE OF PARK CITY, UTAH

### Outstanding General Obligation Bonded Indebtedness

As of the date of this OFFICIAL STATEMENT, the City has outstanding the following general obligation bonds:

<u>Series (1)</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2019 (a) .....	Open space/refunding	\$49,340,000*	February 1, 2034	\$49,340,000*
2017 .....	Open space	25,000,000	February 1, 2032	23,435,000
2014 .....	Refunding	3,385,000	May 1, 2019	725,000
2013A.....	Walkability	7,170,000	May 1, 2028	5,090,000
2010B (2) .....	Open space	6,000,000	May 1, 2025	3,065,000
2009 .....	Open space/refunding	13,500,000	May 1, 2024	5,400,000
2008 (3).....	Open space	10,000,000	March 5, 2019 (4)	<u>0</u>
Total .....				<u>\$87,055,000*</u>

\* Preliminary; subject to change.

- (a) For purposes of this OFFICIAL STATEMENT the 2019 Bonds will be considered issued and outstanding.
- (1) Unless otherwise indicated, rated “AA+” by Fitch Ratings (“Fitch”); “Aaa” by Moody’s Investors Service, Inc. (“Moody’s”); and “AA+” by S&P Global Ratings (“S&P”), as of the date of this OFFICIAL STATEMENT.
- (2) Federally taxable, originally 35% issuer subsidy (direct pay), “Build America Bonds”.
- (3) These bonds to be called and retired by the 2019 Bonds.
- (4) Final maturity date after bonds are called and retired by the 2019 Bonds.

(Source: Municipal Advisor.)

### Outstanding Sales Tax Revenue Bonded Indebtedness

*At approximately the same time as the sale of the 2019 Bonds, the City is selling at a competitive bond sale, approximately \$27,700,000 of Sales Tax Revenue Bonds, Series 2019. For purposes of this OFFICIAL STATEMENT, these sales tax revenue bonds will be considered issued and outstanding.*

As of the date of this OFFICIAL STATEMENT, the City has outstanding the following sales tax revenue bonds:

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2019 (a) (1) .....	Various	\$27,700,000*	December 15, 2033*	\$27,700,000*
2017 (1).....	Various	31,940,000	June 15, 2032	29,865,000
2015 (1).....	Various	11,600,000	June 15, 2030	9,700,000
2014B (2) .....	Various	5,375,000	June 15, 2029	5,375,000
2014A (1).....	Refunding	6,725,000	June 15, 2021	<u>3,075,000</u>
Total .....				<u>\$75,715,000*</u>

\* Preliminary; subject to change.

- (a) For purposes of this OFFICIAL STATEMENT, the 2019 Sales Tax Revenue Bonds will be considered issued and outstanding.
- (1) Rated “AA-” by S&P, as of the date of this OFFICIAL STATEMENT.
- (2) Rated “AA” (Municipal Assurance Corp. insured; underlying “AA-”) by S&P, as of the date of this OFFICIAL STATEMENT.

(Source: Municipal Advisor.)

## Outstanding Water Revenue Bonded Indebtedness

As of the date of this OFFICIAL STATEMENT, the City has outstanding the following water revenue bonds:

<u>Series (1)</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2014 .....	Water	\$ 4,115,000	June 15, 2026	\$ 4,115,000
2013A.....	Refunding	2,830,000	December 15, 2025	1,735,000
2012B.....	Water and refunding	5,525,000	December 15, 2027	5,525,000
2012 .....	Water	4,160,000	June 15, 2027	2,760,000
2010 .....	Water	12,200,000	December 15, 2024	5,815,000
2009C.....	Water	10,135,000	June 15, 2024	10,135,000
2009B.....	Water and refunding	13,090,000	June 15, 2019	1,810,000
2009A (2) .....	Water (taxable)	2,500,000	July 15, 2029	<u>1,375,000</u>
Total.....				<u>\$33,270,000</u>

(1) Unless otherwise indicated, rated “Aa2” by Moody’s and “AA” by S&P, as of the date of this OFFICIAL STATEMENT.

(2) Not rated; no rating applied for. These bonds were privately placed. These bonds bear no interest and are federally taxable.

(Source: Municipal Advisor.)

## Other Financial Considerations

*Concurrent Issuance of Sales Tax Bonds.* The City intends to issue approximately \$29.95 million sales tax revenue bonds simultaneously with the 2019 Bonds as discussed above.

*Future issuance of debt.* The City may issue approximately \$90 million of water revenue bonds for a water treatment facility over the next four to five years. The City may issue approximately \$50 million in sales tax revenue bonds in 2021 for an arts and culture project as discussed above.

*Conduit Debt.* From time to time the City may issue conduit debt for private business. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Notes to the Financial Statements—Note P. Conduit Debt” (CAFR page 86). The City has only limited liability for these bond issues.

(The remainder of this page has been intentionally left blank.)

**Debt Service Schedule of Outstanding General Obligation Bonds By Fiscal Year**

Fiscal Year Ending June 30	Series 2019 \$49,340,000*		Series 2017 \$25,000,000		Series 2014 \$3,385,000		Series 2013B (1) \$1,930,000		Series 2013A \$7,170,000	
	Principal (a)	Interest*	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018.....	\$ 0	\$ 0	\$ 1,565,000	\$ 658,326	\$ 695,000	\$ 42,300	\$ 400,000	\$ 8,000	\$ 430,000	\$ 146,813
2019.....	0	0	1,280,000	961,550	725,000	14,500	-	-	440,000	138,213
2020.....	2,930,000	1,903,206	1,335,000	910,350	-	-	-	-	455,000	129,413
2021.....	2,880,000	1,955,200	1,385,000	843,600	-	-	-	-	465,000	120,313
2022.....	3,030,000	1,811,200	1,440,000	774,350	-	-	-	-	480,000	109,850
2023.....	3,185,000	1,659,700	1,500,000	702,350	-	-	-	-	500,000	97,850
2024.....	3,345,000	1,500,450	1,560,000	627,350	-	-	-	-	515,000	84,100
2025.....	3,510,000	1,333,200	1,625,000	549,350	-	-	-	-	530,000	69,938
2026.....	2,830,000	1,157,700	1,685,000	468,100	-	-	-	-	550,000	54,038
2027.....	2,970,000	1,016,200	1,755,000	383,850	-	-	-	-	565,000	37,538
2028.....	3,120,000	867,700	1,825,000	296,100	-	-	-	-	590,000	19,175
2029.....	3,275,000	711,700	1,900,000	241,350	-	-	-	-	-	-
2030.....	3,440,000	547,950	1,975,000	184,350	-	-	-	-	-	-
2031.....	3,545,000	444,750	2,055,000	125,100	-	-	-	-	-	-
2032.....	3,650,000	338,400	2,115,000	63,450	-	-	-	-	-	-
2033.....	3,760,000	228,900	-	-	-	-	-	-	-	-
2034.....	3,870,000	116,100	-	-	-	-	-	-	-	-
Totals.....	<u>\$ 49,340,000</u>	<u>\$ 15,592,356</u>	<u>\$ 25,000,000</u>	<u>\$ 7,789,526</u>	<u>\$ 1,420,000</u>	<u>\$ 56,800</u>	<u>\$ 400,000</u>	<u>\$ 8,000</u>	<u>\$ 5,520,000</u>	<u>\$ 1,007,238</u>

Fiscal Year Ending June 30	Series 2010B \$6,000,000		Series 2009 \$13,500,000		Series 2008 \$10,000,000		<b>Totals</b>		
	Principal	Interest (2)	Principal	Interest	Principal	Interest	Total Principal	Total Interest (1)	Total Debt Service
2018.....	\$ 390,000	\$ 164,735	\$ 795,000	\$ 226,810	\$ 670,000	\$ 224,200	\$ 4,945,000	\$ 1,471,184	\$ 6,416,184
2019.....	400,000	149,135	820,000	200,575	0	0 (3)	3,665,000	1,463,973	5,128,973
2020.....	410,000	131,335	850,000	173,515	0	0 (3)	5,980,000	3,247,819	9,227,819
2021.....	425,000	112,475	880,000	143,340	0	0 (3)	6,035,000	3,174,928	9,209,928
2022.....	435,000	92,288	915,000	111,220	0	0 (3)	6,300,000	2,898,908	9,198,908
2023.....	450,000	71,190	950,000	76,450	0	0 (3)	6,585,000	2,607,540	9,192,540
2024.....	465,000	48,915	985,000	39,400	0	0 (3)	6,870,000	2,300,215	9,170,215
2025.....	480,000	25,200	-	-	-	-	6,145,000	1,977,688	8,122,688
2026.....	-	-	-	-	-	-	5,065,000	1,679,838	6,744,838
2027.....	-	-	-	-	-	-	5,290,000	1,437,588	6,727,588
2028.....	-	-	-	-	-	-	5,535,000	1,182,975	6,717,975
2029.....	-	-	-	-	-	-	5,175,000	953,050	6,128,050
2030.....	-	-	-	-	-	-	5,415,000	732,300	6,147,300
2031.....	-	-	-	-	-	-	5,600,000	569,850	6,169,850
2032.....	-	-	-	-	-	-	5,765,000	401,850	6,166,850
2033.....	-	-	-	-	-	-	3,760,000	228,900	3,988,900
2034.....	-	-	-	-	-	-	3,870,000	116,100	3,986,100
Totals.....	<u>\$ 3,455,000</u>	<u>\$ 795,273</u>	<u>\$ 6,195,000</u>	<u>\$ 971,310</u>	<u>\$ 670,000</u>	<u>\$ 224,200</u>	<u>\$ 92,000,000</u>	<u>\$ 26,444,703</u>	<u>\$ 118,444,703</u>

\* Preliminary; subject to change.

(a) Preliminary subject to change: Interest is estimated at an average interest rate of 3.79% per annum.

(1) Included in this table because the final maturity occurred in Fiscal Year 2018.

(2) Does not reflect a 35% federal interest rate subsidy on the 2010B GO Bonds which were issued as Build America Bonds.

(3) Principal and interest will be refunded by the 2019 Bonds.

(Source: Municipal Advisor.)

## Debt Service Schedule of Outstanding Sales Tax Revenue Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2019 \$27,700,000*		Series 2017 \$31,940,000		Series 2015 \$11,600,000		Series 2014B \$5,375,000		Series 2014A \$6,725,000		<b>Totals</b>		
	Principal*	Interest (a)	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total	Total	Total
											Principal	Interest	Principal
2018.....	\$ 0	\$ 0	\$ 2,075,000	\$ 694,743	\$ 655,000	\$ 346,525	\$ 0	\$ 164,912	\$ 950,000	\$ 139,700	\$ 3,680,000	\$ 1,345,880	\$ 5,025,880
2019.....	0	318,863	1,590,000	1,178,853	665,000	333,425	0	164,912	985,000	101,700	3,240,000	2,097,752	5,337,752
2020.....	1,300,000	1,127,000	1,670,000	1,099,353	680,000	320,125	0	164,912	1,025,000	62,300	4,675,000	2,773,690	7,448,690
2021.....	1,375,000	1,060,125	1,755,000	1,015,853	710,000	292,925	0	164,912	1,065,000	21,300	4,905,000	2,555,115	7,460,115
2022.....	1,425,000	990,125	1,780,000	989,528	735,000	264,525	605,000	164,912	-	-	4,545,000	2,409,090	6,954,090
2023.....	1,500,000	917,000	1,870,000	900,528	765,000	235,125	625,000	146,763	-	-	4,760,000	2,199,416	6,959,416
2024.....	1,575,000	840,125	1,965,000	807,028	795,000	204,525	640,000	128,013	-	-	4,975,000	1,979,691	6,954,691
2025.....	1,675,000	758,875	2,060,000	708,778	820,000	180,675	660,000	108,813	-	-	5,215,000	1,757,141	6,972,141
2026.....	1,750,000	673,250	2,165,000	605,778	845,000	156,075	680,000	89,013	-	-	5,440,000	1,524,116	6,964,116
2027.....	1,850,000	583,250	2,275,000	497,528	880,000	122,275	700,000	68,613	-	-	5,705,000	1,271,666	6,976,666
2028.....	1,950,000	488,250	2,385,000	383,778	905,000	95,875	720,000	47,613	-	-	5,960,000	1,015,516	6,975,516
2029.....	2,025,000	388,875	2,480,000	288,378	930,000	68,725	745,000	24,213	-	-	6,180,000	770,191	6,950,191
2030.....	2,125,000	306,375	2,555,000	213,978	970,000	31,525	-	-	-	-	5,650,000	551,878	6,201,878
2031.....	2,175,000	241,875	2,620,000	147,548	-	-	-	-	-	-	4,795,000	389,423	5,184,423
2032.....	2,250,000	175,500	2,695,000	76,808	-	-	-	-	-	-	4,945,000	252,308	5,197,308
2033.....	2,325,000	106,875	-	-	-	-	-	-	-	-	2,325,000	106,875	2,431,875
2034.....	2,400,000	36,000	-	-	-	-	-	-	-	-	2,400,000	36,000	2,436,000
Totals.....	<u>\$ 27,700,000</u>	<u>\$ 9,012,363</u>	<u>\$ 31,940,000</u>	<u>\$ 9,608,453</u>	<u>\$ 10,355,000</u>	<u>\$ 2,652,325</u>	<u>\$ 5,375,000</u>	<u>\$ 1,437,601</u>	<u>\$ 4,025,000</u>	<u>\$ 325,000</u>	<u>\$ 79,395,000</u>	<u>\$ 23,035,742</u>	<u>\$ 102,430,742</u>

\* Preliminary; subject to change.

(a) Preliminary subject to change: Interest is estimated at an average interest rate of 3.79% per annum.

(Source: Municipal Advisor.)

### Debt Service Schedule of Outstanding Water Revenue Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2014 \$4,115,000		Series 2013A \$2,830,000		Series 2012B \$5,525,000		Series 2012 \$4,160,000		Series 2010 \$12,200,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018.....	\$ 0	\$ 133,737	\$ 225,000	\$ 41,550	\$ 0	\$ 124,313	\$ 255,000	\$ 93,850	\$ 790,000	\$ 302,300
2019.....	0	133,737	230,000	37,000	0	124,312	265,000	86,200	825,000	261,925
2020.....	0	133,737	235,000	32,350	0	124,313	280,000	78,250	870,000	219,550
2021.....	0	133,738	240,000	27,600	0	124,312	290,000	69,850	910,000	179,600
2022.....	0	133,738	245,000	22,750	0	124,313	300,000	61,150	950,000	142,400
2023.....	0	133,738	245,000	17,850	0	124,312	310,000	52,150	1,000,000	103,400
2024.....	0	133,738	250,000	12,900	0	124,313	315,000	42,850	1,015,000	63,100
2025.....	2,350,000	133,738	255,000	7,850	0	124,312	325,000	33,400	1,070,000	21,400
2026.....	1,765,000	57,363	265,000	2,650	0	124,313	335,000	23,650	-	-
2027.....	-	-	-	-	2,525,000	95,906	340,000	13,600	-	-
2028.....	-	-	-	-	3,000,000	33,750	-	-	-	-
2029.....	-	-	-	-	-	-	-	-	-	-
2030.....	-	-	-	-	-	-	-	-	-	-
Totals.....	<u>\$ 4,115,000</u>	<u>\$ 1,127,264</u>	<u>\$2,190,000</u>	<u>\$ 202,500</u>	<u>\$5,525,000</u>	<u>\$1,248,469</u>	<u>\$3,015,000</u>	<u>\$ 554,950</u>	<u>\$ 7,430,000</u>	<u>\$ 1,293,675</u>

Fiscal Year Ending June 30	Series 2009C \$10,135,000		Series 2009B \$13,090,000		Series 2009A (1) \$2,500,000		<b>Totals</b>		
	Principal	Interest (1)	Principal	Interest	Principal	Interest	Total Principal	Total Interest (2)	Total Debt Service
2018.....	\$ 0	\$ 508,638	\$1,720,000	\$ 176,500	\$ 125,000	\$ 0	\$ 3,115,000	\$ 1,380,888	\$ 4,495,888
2019.....	0	508,638	1,810,000	90,500	125,000	0	3,255,000	1,242,312	4,497,312
2020.....	1,900,000	508,638	-	-	125,000	0	3,410,000	1,096,838	4,506,838
2021.....	1,960,000	419,337	-	-	125,000	0	3,525,000	954,437	4,479,437
2022.....	2,025,000	323,297	-	-	125,000	0	3,645,000	807,648	4,452,648
2023.....	2,090,000	221,035	-	-	125,000	0	3,770,000	652,485	4,422,485
2024.....	2,160,000	113,400	-	-	125,000	0	3,865,000	490,301	4,355,301
2025.....	-	-	-	-	125,000	0	4,125,000	320,700	4,445,700
2026.....	-	-	-	-	125,000	0	2,490,000	207,976	2,697,976
2027.....	-	-	-	-	125,000	0	2,990,000	109,506	3,099,506
2028.....	-	-	-	-	125,000	0	3,125,000	33,750	3,158,750
2029.....	-	-	-	-	125,000	0	125,000	0	125,000
2030.....	-	-	-	-	125,000	0	125,000	0	125,000
Totals.....	<u>\$10,135,000</u>	<u>\$ 2,602,983</u>	<u>\$3,530,000</u>	<u>\$ 267,000</u>	<u>\$1,625,000</u>	<u>\$ 0</u>	<u>\$37,565,000</u>	<u>\$ 7,296,841</u>	<u>\$44,861,841</u>

(1) Issued as a private placement with a 0% interest rate.

(2) Does not reflect a 35% federal interest rate subsidy on the 2009C Bonds which were issued as Build America Bonds.

(Source: Municipal Advisor.)

## Overlapping And Underlying General Obligation Debt

<u>Taxing Entity</u>	<u>2018 Taxable Value (1)</u>	<u>City's Portion of Tax- able Value</u>	<u>City's Per- centage</u>	<u>Entity's General Obligation Debt</u>	<u>City's Portion of G.O. Debt</u>
<i>Overlapping:</i>					
State of Utah .....	\$285,970,117,064	\$9,377,969,360	3.3%	\$2,273,275,000	\$ 75,018,075
WBWCD (2) .....	62,157,110,376	9,053,630,864	14.6	11,650,000	<u>1,700,900</u>
Total overlapping .....					<u>76,718,975</u>
<i>Underlying:</i>					
CUWCD (3) .....	168,739,037,460	324,338,496	0.2	206,900,000	413,800
Snyderville Basin Rec. Bond (4) .....	9,814,404,317	873,481,984	8.9	49,880,000	4,439,320
Wasatch County .....	5,923,727,663	324,338,496	5.5	650,000	35,750
Wasatch School District .....	5,923,727,663	324,338,496	5.5	93,880,000	<u>5,163,400</u>
Total underlying .....					<u>10,052,270</u>
Total overlapping and underlying general obligation debt .....					<u>\$86,771,245</u>
Total <i>overlapping</i> general obligation debt (excluding the State) (5) .....					\$ 1,700,900
Total <i>direct</i> general obligation bonded indebtedness .....					<u>87,055,000*</u>
Total <i>direct and overlapping</i> general obligation debt (excluding the State) .....					<u>\$88,755,900*</u>

This table excludes any additional principal amounts attributable to unamortized original issue bond premium.

\* Preliminary; subject to change.

- (1) *Preliminary; subject to change.* Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property and valuation on semiconductor manufacturing equipment. See “Taxable, Fair Market And Market Value Of Property” below.
- (2) The Weber Basin Water Conservancy District (“WBWCD”) covers all of Morgan County, most of Davis and Weber Counties, and portions of Box Elder County and the County. Certain portions of the principal of and interest on WBWCD’s general obligation bonds are paid from sales of water.
- (3) Central Utah Water Conservancy District (“CUWCD”) outstanding general obligation bonds are limited ad valorem tax bonds. Certain portions of the principal of and interest on CUWCD’s general obligation bonds are paid from sales of water.
- (4) The City and the Snyderville Basin Special Recreation District have adjusted the District’s taxing boundaries however; certain portions of the City remain responsible for general obligation bonds previously issued by the recreation district.
- (5) The State’s general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of its general obligation bonds.

(Source: Municipal Advisor.)

For the City’s presentation of Fiscal Year 2018 direct and overlapping debt, see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Statistical Information—Schedule 16. Direct and Overlapping Governmental Activities Debt as of June 30, 2018” (CAFR page 128).

## Debt Ratios Regarding General Obligation Debt

The following table sets forth the ratios of general obligation debt (excluding any additional principal amounts attributable to unamortized original issue bond premium) that is expected to be paid from taxes levied specifically for such debt and not from other revenues over the taxable value of property within the City, the estimated market value of such property and the population of the City. *The State’s general ob-*

ligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation debt.

	To 2018 Est. Taxable Value (1)	To 2018 Est. Market Value (2)	To 2017 Population Estimate Per Capita (3)
Direct general obligation debt*.....	0.93%	0.82%	\$10,391
Direct and overlapping general obligation debt* .....	0.95	0.84	10,613

\* Preliminary; subject to change.

(1) Based on an estimated 2018 Taxable Value of \$9,377,969,360, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(2) Based on an estimated 2018 Market Value of \$10,592,069,360, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(3) Based on 2017 estimate of 8,378 by the U.S. Census Bureau.

(Source: Municipal Advisor.)

Also, see “FINANCIAL INFORMATION REGARDING PARK CITY, UTAH—Property Tax Matters—Uniform Fees” and “—Taxable, Fair Market And Market Value Of Property” below.

For a 10–year history of debt ratios of the City regarding general obligation bonds, see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section—Schedule 15. Ratios of General Bonded Debt Outstanding” (CAFR page 127).

#### General Obligation Legal Debt Limit And Additional Debt Incurring Capacity

2018 “Fair Market Value” .....			\$10,592,069,360
2017 Valuation from Uniform Fees (1).....			<u>14,814,496</u>
2018 “Fair Market Value for Debt Incurring Capacity”.....			<u>\$10,606,883,856</u>
	8% Sewer, Water and Electric	4% Other Purposes	12% Total
“Fair Market Value” x 8% .....	\$848,550,709	\$ 0	\$ 848,550,709
“Fair Market Value” x 4% .....	<u>0</u>	<u>424,275,354</u>	<u>424,275,354</u>
Total debt incurring capacity .....	848,550,709	424,275,354	1,272,826,063
Less: current outstanding general obligation debt .....	<u>(0)</u>	<u>(89,938,366)</u>	<u>(89,938,366)</u>
Additional debt incurring capacity.....	<u>\$848,550,709</u>	<u>\$334,336,988</u>	<u>\$1,182,887,697</u>

(1) For debt incurring capacity only, in computing the fair market value of taxable property in the City, the value of all motor vehicles and state–assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) will be included as a part of the fair market value of the taxable property in the City.

(2) The full 8% may be used for water, sewer and electric purposes but if it is so used, then no general obligation bonds may be issued in excess of 8% for any purpose. For legal debt limit purposes, the outstanding general obligation debt as shown above is increased by the premium associated with debt issued that is reported in the long–term debt notes of the City’s financial statements. For accounting purposes, the total unamortized bond premium was \$2,883,366 (as of June 30, 2018) and together with current outstanding debt of \$87,055,000\*, results in total outstanding debt of \$89,938,366\*.

\* Preliminary; subject to change.

(Source: Records from the State Tax Commission, compiled by the Municipal Advisor.)

For a 10–year Fiscal Year history of the City’s presentation of the legal debt capacity see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018–Statistical Section–Schedule 17. Legal Debt Margin Information Last Ten Fiscal Years” (CAFR page 129).

### **Federal Funding Cuts**

*Federal Sequestration.* Pursuant to the Budget Control Act of 2011 (the “BCA”), cuts to federal programs necessary to reduce federal spending to levels specified in the BCA (known as “sequestration”) were ordered in federal fiscal years ending September 30, 2013 through 2021 and were subsequently extended through September 30, 2027. These reductions include cuts to the subsidy payments to be made to issuers of Build America Bonds (“BABs”) and various other federal expenditures.

The City is impacted by federal sequestration in Fiscal Year 2019 with reductions in subsidy payments of \$9,246 for its General Obligation Bonds, Series 2010B and reductions in subsidy payments of \$11,037 for its Water Revenue Bonds, Series 2009C (collectively, the “BAB Bonds”). The City anticipates that any future reductions of subsidy payments with respect to the outstanding BAB Bonds and reductions in other federal grants because of sequestration; would have no material impact on its operations or financial position. The City cannot predict whether Congress will act to avoid or extend sequestration in the future.

### **No Defaulted Obligations**

The City has never failed to pay principal of and interest on any of its financial obligations when due.

## **FINANCIAL INFORMATION REGARDING PARK CITY, UTAH**

### **Fund Structure; Accounting Basis**

The government–wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 charged to external parties for goods or services.

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. The remaining governmental and enterprise funds are combined into a single column and reported as other (nonmajor) funds. Internal service funds are aggregated and reported in single column on the proprietary fund financial statements.

Revenues and expenditures are recognized using the modified accrual basis of accounting in the governmental fund statements. Revenues are recognized in the accounting period in which they become both measurable and available. “Measurable” means that amounts can be reasonably determined within the current period. “Available” means that amounts are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues on cost–reimbursement grants are accrued when the related expenditures are incurred.

In the proprietary fund statements and the government–wide statements, revenues and expenses are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred.

## **Budgets And Budgetary Accounting**

The budget and appropriation process of the City is governed by the Uniform Fiscal Procedures Act for Cities, Title 10, Chapter 6, Utah Code (the “Fiscal Procedures Act”). Pursuant to the Fiscal Procedures Act, the budget officer of the City is required to prepare budgets for the general fund, special revenue funds, debt service funds, capital project funds and proprietary funds. These budgets are to provide a complete financial plan for the budget (ensuing fiscal) year. Each budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures. Under the Fiscal Procedures Act, the total of anticipated revenues must equal the total of appropriated expenditures.

On or before the first regular meeting of the City Council of the City in May of each year, the budget officer is required to submit to the City Council tentative budgets for all funds for fiscal year commencing July 1. Various actual and estimated budget data are required to be set forth in the tentative budgets. The budget officer may revise the budget requests submitted by the heads of City departments but must file these submissions with the City Council together with the tentative budget. The budget officer is required to estimate in the tentative budget the revenue from non–property tax sources available for each fund and the revenue from general property taxes required by each fund. The tentative budget is then tentatively adopted by the City Council, with any amendments or revisions that the City Council deems advisable prior to the public hearing on the tentative budget. After public notice and hearing, the tentative budget is adopted by the City Council, subject to further amendment or revisions by the City Council prior to adoption of the final budget.

Prior to June 22 of each year, the final budgets for all funds are adopted by the City Council. The Fiscal Procedures Act prohibits the City Council from making any appropriation in the final budget of any fund more than the estimated expendable revenue of such fund. The adopted final budget is subject to amendment by the City Council during the fiscal year. However, to increase the budget total of any fund, public notice and hearing must be provided. Intra– and inter–department transfers of appropriation balances are permitted upon compliance with the Fiscal Procedures Act. The amount set forth in the final budget as the total amount of estimated revenue from property taxes constitutes the basis for determining the property tax levy to be set by the City Council for the succeeding tax year.

Also, see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Notes to the Financial Statements—Note A. Summary of Significant Accounting Policies” (CAFR page 42).

## **Financial Controls**

The City utilizes a computerized financial accounting system which includes a system of budgetary controls. State law requires budgets to be controlled by individual departments, but the City has also empowered the Finance Director to maintain control of major categories within departments. These controls are such that a requisition will not be entered into the purchasing system unless the appropriated funds are available. The Finance Director checks for sufficient funds again prior to the purchase order being issued and again before the payment check is issued.

## **Sources Of General Fund Revenues**

Set forth below are brief descriptions of the various sources of revenues available to the City’s general fund. The percentage of total general fund revenues represented by each source is based on the City’s Fiscal Year 2018 (total general fund revenues was \$34,564,546).

*Taxes and special assessments*—Approximately 78% (or \$27,071,434) of general fund revenues are from taxes and special assessments.

*Licenses and permits*—Approximately 10% (or \$3,390,668) of general fund revenues are collected from licenses and permits.

*Charges for services*—Approximately 6% (or \$2,225,204) of general fund revenues are from charges for services.

*Rentals and other*—Approximately 4% (or \$1,435,524) of general fund revenues are collected from other miscellaneous items.

*Investment income*—Approximately 1% (or \$256,814) of general fund revenues are collected from interest income.

*Intergovernmental revenue*—Less than 1% (or \$149,575) of general fund revenues are from State and federal shared grant revenues or grants.

*Fines and forfeitures*— Less than 1% (or \$35,327) of general fund revenues are from fines and forfeitures.

(Source: Compiled by the Municipal Advisor from information taken from the Fiscal Year 2018 CAFR.)

### **Five-Year Financial Summaries**

The summaries contained herein were extracted from the City's CAFR reports. The summaries themselves have not been audited.

*The City's annual financial report for Fiscal Year 2019 must be completed under State law by December 31, 2019.*

(The remainder of this page has been intentionally left blank.)

# Park City

## Statement of Net Position

(This summary has not been audited)

	As of June 30				
	2018	2017	2016	2015	2014
Assets and deferred outflows of resources					
Assets					
Capital assets (net of accumulated depreciation)					
Improvements other than buildings.....	\$ 82,480,502	\$ 82,644,790	\$ 70,302,422	\$ 67,613,413	\$ 67,054,006
Buildings.....	46,155,763	43,753,494	42,117,192	43,670,618	39,400,441
Vehicles and equipment.....	23,770,469	23,705,654	15,058,504	16,123,836	15,585,814
Infrastructure.....	23,161,347	25,800,212	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
Capital assets not being depreciated					
Land and water rights.....	200,070,570	170,855,021	129,838,076	130,034,390	121,920,236
Construction in progress.....	28,003,663	12,052,772	10,931,485	13,018,693	8,791,078
Art.....	839,333	827,833	827,833	710,570	710,570
Cash, cash equivalents and investments.....	66,635,201	64,906,033	77,276,957	74,908,660	73,540,217
Receivables (net allowance for uncollectible)					
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.....	1,273,106	1,799,575	314,353	320,284	1,578,341
Restricted cash, cash equivalents, fiscal agent.....	11,398,912	6,380,142	6,690,285	10,554,094	5,104,820
Restricted cash, cash equivalents, other.....	6,604,245	6,318,540	6,312,535	7,418,529	6,866,835
Prepaid items.....	1,263,500	2,239,181	528,089	515,520	510,634
Inventories.....	794,366	825,319	772,836	927,978	1,036,104
Buildings held for resale.....	166,096	-	-	-	-
Net pension asset.....	3,365	3,713	7,661	22,838	-
Total assets.....	<u>533,981,819</u>	<u>483,035,522</u>	<u>419,039,207</u>	<u>419,382,283</u>	<u>397,606,338</u>
Deferred outflows of resources					
Deferred outflows of resources related to pensions.....	7,335,717	6,578,882	5,277,742	1,597,998	-
Deferred outflows of resources—deferred charge on refunding.....	-	-	7,477	15,227	22,977
Total deferred outflows of resources.....	<u>7,335,717</u>	<u>6,578,882</u>	<u>5,285,219</u>	<u>1,613,225</u>	<u>22,977</u>
Total assets and deferred outflows of resources.....	<u>\$ 541,317,536</u>	<u>\$ 489,614,404</u>	<u>\$ 424,324,426</u>	<u>\$ 420,995,508</u>	<u>\$ 397,629,315</u>
Liabilities, deferred inflows of resources and net position					
Liabilities					
Long-term debt due in more than one year					
Revenue bonds.....	\$ 80,928,230	\$ 54,793,151	\$ 59,904,698	\$ 64,829,343	\$ 51,983,601
General obligation bonds.....	40,913,366	45,540,922	22,709,111	26,083,159	29,363,370
Total pension liability.....	7,780,234	11,020,794	10,109,665	6,596,256	-
Compensated absences.....	699,776	670,641	681,413	616,886	491,221
Contract payable.....	-	-	-	-	93,024
Long-term debt due within one year					
Revenue bonds.....	6,495,000	4,720,000	4,530,000	4,690,000	4,040,000
General obligation bonds.....	4,360,000	4,945,000	3,300,000	3,215,000	3,655,000
Compensated absences.....	525,320	534,198	431,558	391,979	391,796
Contract payable.....	-	-	-	93,024	2,586,533
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
Total liabilities.....	<u>150,271,739</u>	<u>135,103,520</u>	<u>108,778,144</u>	<u>114,036,967</u>	<u>100,247,801</u>
Deferred inflows of resources					
Property taxes.....	20,046,312	19,785,339	17,605,701	17,553,354	17,437,568
Deferred inflows of resources related to pensions.....	6,025,822	1,803,202	1,142,122	1,049,810	-
Deferred gain on refunding.....	217,783	321,672	425,561	529,450	-
Deferred inflows of resources—unavailable revenue.....	166,096	-	-	-	-
Total deferred inflows of resources.....	<u>26,456,013</u>	<u>21,910,213</u>	<u>19,173,384</u>	<u>19,132,614</u>	<u>17,437,568</u>
Net position					
Net investment in capital assets, net of related debt.....	294,285,169	266,635,094	226,244,026	220,380,226	208,942,336
Unrestricted.....	52,106,301	53,207,221	57,077,412	49,425,877	58,983,553
Restricted—expendable					
Capital projects.....	12,804,288	7,545,300	7,872,086	12,779,745	6,882,935
Debt service.....	5,198,869	5,153,382	5,130,734	5,192,878	5,088,720
Other.....	195,157	59,674	48,640	47,201	46,402
Total net position.....	<u>364,589,784</u>	<u>332,600,671</u>	<u>296,372,898</u>	<u>287,825,927</u>	<u>279,943,946</u>
Total liabilities, deferred outflows of resources and net position.....	<u>\$ 541,317,536</u>	<u>\$ 489,614,404</u>	<u>\$ 424,324,426</u>	<u>\$ 420,995,508</u>	<u>\$ 397,629,315</u>

(Source: Information extracted from the City's audited financial statements compiled by the Municipal Advisor.)

# Park City

## Statement of Activities

### Primary Government

(This summary has not been audited)

	Net (Expense) Revenues and Changes in Net Position				
	<b>Fiscal Year Ended June 30</b>				
	2018	2017	2016	2015	2014
Primary government					
Governmental activities					
General administration.....	\$ (8,453,620) (1)	\$ (16,081,356)	\$ (15,890,669)	\$ (12,380,646)	\$ (12,523,014)
Public safety.....	(6,602,184)	(6,120,140)	(5,568,527)	(5,158,422)	(4,877,941)
Public works.....	(6,599,786)	(6,579,137)	(6,614,280)	(6,399,208)	(6,538,360)
Library and recreation.....	(4,347,803)	(4,543,268)	(4,364,424)	(3,395,932)	(3,066,184)
Interest on long-term debt.....	(2,537,159)	(1,366,939)	(1,456,433)	(1,285,952)	(1,552,101)
Total governmental activities.....	<u>(28,540,552)</u>	<u>(34,690,840)</u>	<u>(33,894,333)</u>	<u>(28,620,160)</u>	<u>(28,557,600)</u>
Business-type activities					
Water.....	5,865,516	5,241,895	3,454,755	6,055,829	3,203,709
Stormwater.....	356,629	(182,783)	-	-	-
Golf course.....	(508,266)	(392,242)	(401,762)	(406,448)	(374,250)
Transportation and parking.....	(6,155,003)	7,714,682 (2)	(6,530,317)	(4,508,497)	(3,203,286)
Total business-type activities.....	<u>(441,124)</u>	<u>12,381,552</u>	<u>(3,477,324)</u>	<u>1,140,884</u>	<u>(373,827)</u>
Total primary government.....	<u>(28,981,676)</u>	<u>(22,309,288)</u>	<u>(37,371,657)</u>	<u>(27,479,276)</u>	<u>(28,931,427)</u>
General revenues					
Taxes					
Property tax, levied for general purposes.....	14,686,693	14,350,265	14,755,299	12,809,892	12,772,297
Resort tax.....	14,491,767	12,253,267	11,154,870	10,066,040	9,151,788
General sales and use tax.....	11,533,196	10,853,881	10,057,192	9,130,783	8,366,667
Property tax, levied for debt service.....	6,432,184	4,220,158	3,723,453	5,321,592	5,082,714
Franchise tax.....	3,147,847	3,194,392	3,185,820	3,061,207	3,158,716
Miscellaneous.....	2,251,525	5,313,379	1,787,387	1,311,103	2,091,895
Investment earnings.....	1,495,483	985,132	761,877	629,444	706,625
Gain on sale of capital assets.....	-	-	492,730	-	-
Total general revenues.....	<u>54,038,695</u>	<u>51,170,474</u>	<u>45,918,628</u>	<u>42,330,061</u>	<u>41,330,702</u>
Change in net position.....	25,057,019	28,861,186	8,546,971	14,850,785	12,399,275
Net position—beginning.....	332,600,671	296,372,898	287,825,927	279,943,946	267,544,671
Adjustment.....	6,932,094	7,366,587	-	(6,968,804)	-
Net position—ending.....	<u>\$364,589,784</u>	<u>\$332,600,671</u>	<u>\$296,372,898</u>	<u>\$287,825,927</u>	<u>\$279,943,946</u>

(1) Large decrease is a result of contributions received and donated assets acquired.

(2) The City received a Utah Department of Transportation capital grant in the amount of \$13.5 million.

This report is presented in summary format concerning the single item of “Net (Expense) Revenue and Changes in Net Assets” and is not intended to be complete.

(Source: Information extracted from the City’s audited financial statements compiled by the Municipal Advisor.)

## Park City

### Balance Sheet—Governmental Funds

#### General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
<b>Assets</b>					
Receivables (net of allowance for uncollectible)					
Taxes.....	\$ 11,744,936	\$ 11,092,382	\$ 11,178,598	\$ 11,052,516	\$ 10,125,917
Accounts.....	175,599	105,597	112,234	22,341	95,817
Notes.....	–	10,000	10,000	10,000	–
Cash, cash equivalents and investments.....	8,061,742	7,377,755	6,697,948	6,791,627	6,515,535
Interfund loan.....	86,867	117,433	–	–	–
Other assets.....	50,719	39,212	42,463	39,941	84,489
Total assets.....	\$ 20,119,863	\$ 18,742,379	\$ 18,041,243	\$ 17,916,425	\$ 16,821,758
<b>Liabilities</b>					
Accounts payable.....	\$ 1,164,803	\$ 573,508	\$ 767,260	\$ 728,737	\$ 639,935
Accrued liabilities.....	1,058,852	826,518	798,928	715,977	777,800
Total liabilities.....	2,223,655	1,400,026	1,566,188	1,444,714	1,417,735
<b>Deferred inflows of resources</b>					
Unavailable revenue—property tax.....	9,883,951	9,657,969	9,636,741	9,578,317	8,686,905
Unavailable revenue—notes.....	86,867	127,433	10,000	10,000	–
Total deferred outflows of resources.....	9,970,818	9,785,402	9,646,741	9,588,317	8,686,905
<b>Fund balance</b>					
Unassigned.....	7,730,233	7,497,277	6,779,674	6,836,193	6,670,716
<b>Nonspendable</b>					
Interfund loan.....	86,867	–	–	–	–
Inventory.....	50,719	–	–	–	–
<b>Restricted for</b>					
Drug and tobacco enforcement.....	57,571	59,674	48,640	47,201	46,402
Total fund balance.....	7,925,390	7,556,951	6,828,314	6,883,394	6,717,118
Total liabilities and fund balance.....	\$ 20,119,863	\$ 18,742,379	\$ 18,041,243	\$ 17,916,425	\$ 16,821,758

(Source: Information extracted from the City’s audited financial statements compiled by the Municipal Advisor.)

## Park City

### Statement of Revenues, Expenditures, and Changes in Fund Balance

#### Governmental Fund—General Fund

(This summary has not been audited)

#### Fiscal Year Ended June 30

	2018	2017	2016	2015	2014
<b>Revenues</b>					
Taxes and special assessments.....	\$27,071,434	\$23,791,447	\$21,731,649	\$19,738,574	\$19,752,153
Licenses and permits.....	3,390,668	2,464,561	2,462,374	3,025,886	2,611,576
Charges for services.....	2,225,204	2,115,794	2,119,339	2,071,230	2,194,197
Rental and other miscellaneous.....	1,435,524	1,055,613	969,528	910,904	838,591
Intergovernmental.....	149,575	170,243	133,437	111,775	162,353
Investment income.....	256,814	150,770	102,251	67,526	114,493
Fines and forfeitures.....	35,327	42,834	26,902	14,206	21,648
<b>Total revenues.....</b>	<b><u>34,564,546</u></b>	<b><u>29,791,262</u></b>	<b><u>27,545,480</u></b>	<b><u>25,940,101</u></b>	<b><u>25,695,011</u></b>
<b>Expenditures</b>					
<b>Current</b>					
General government.....	16,235,727	15,005,872	14,604,316	13,653,938	12,086,576
Public safety.....	6,392,525	5,970,451	5,349,433	4,953,544	4,684,672
Public works.....	5,648,653	5,194,880	4,878,647	4,718,959	4,643,828
Library and recreation.....	4,237,835	4,080,211	3,824,435	3,495,302	3,361,464
<b>Total expenditures.....</b>	<b><u>32,514,740</u></b>	<b><u>30,251,414</u></b>	<b><u>28,656,831</u></b>	<b><u>26,821,743</u></b>	<b><u>24,776,540</u></b>
Excess of revenues over (under) expenditures...	<u>2,049,806</u>	<u>(460,152)</u>	<u>(1,111,351)</u>	<u>(881,642)</u>	<u>918,471</u>
<b>Other financing sources (uses)</b>					
Operating transfers in.....	2,577,182	2,397,547	2,256,360	2,166,534	1,346,991
Operating transfers out.....	<u>(4,258,549)</u>	<u>(1,208,758)</u>	<u>(1,200,089)</u>	<u>(1,118,616)</u>	<u>(1,111,247)</u>
Total other financing sources (uses).....	<u>(1,681,367)</u>	<u>1,188,789</u>	<u>1,056,271</u>	<u>1,047,918</u>	<u>235,744</u>
Net change in fund balances.....	368,439	728,637	(55,080)	166,276	1,154,215
Fund balance at beginning of year.....	<u>7,556,951</u>	<u>6,828,314</u>	<u>6,883,394</u>	<u>6,717,118</u>	<u>5,562,903</u>
Fund balance at end of year.....	<b><u>\$ 7,925,390</u></b>	<b><u>\$ 7,556,951</u></b>	<b><u>\$ 6,828,314</u></b>	<b><u>\$ 6,883,394</u></b>	<b><u>\$ 6,717,118</u></b>

(Source: Information extracted from the City's audited financial statements compiled by the Municipal Advisor.)

For a 10-year financial history of various City funds see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section” at the indicated pages as set forth below.

- (i) “Net Position by Component Last Ten Fiscal Years” (CAFR page 112);
- (ii) “Changes in Net Position Last Ten Fiscal Years” (CAFR page 113);
- (iii) “Fund Balances of Governmental Funds Last Ten Fiscal Years” (CAFR page 115);
- (iv) “Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years” (CAFR page 116); and
- (v) “Five Year Financial Summaries” (CAFR page 141).

### **Ad Valorem Tax Levy And Collection**

The Utah State Tax Commission (the “State Tax Commission”) must assess all centrally-assessed property (as defined under “Property Tax Matters” below) by May 1 of each year. County assessors must assess all locally-assessed property (as defined under “Property Tax Matters” below) before May 22 of each year. The State Tax Commission apportions the value of centrally-assessed property to the various taxing entities within each county and reports such values to county auditors before June 8. The governing body of each taxing entity must adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate before June 22; provided if the governing body has not received the taxing entity’s certified tax rate at least seven days prior to June 22, the governing body of the taxing entity must, no later than 14 days after receiving the certified tax rate from the county auditor, adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate. County auditors must forward to the State Tax Commission a statement prepared by the legislative body of each taxing entity showing the amount and purpose of each levy. Upon determination by the State Tax Commission that the tax levies comply with applicable law and do not exceed maximum permitted rates, the State Tax Commission notifies county auditors to implement the levies. If the State Tax Commission determines that a tax levy established by a taxing entity exceeds the maximum levy permitted by law, the State Tax Commission must lower the levy to the maximum levy permitted by law, notify the taxing entity that the rate has been lowered and notify the county auditor (of the county in which the taxing entity is located) to implement the rate established by the State Tax Commission.

On or before July 22 of each year, the county auditors must mail to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Taxpayers owning property assessed by a county assessor may file an application within statutorily defined time limits based on the nature of the contest with the appropriate county board of equalization for contesting the assessed valuation of their property. The county board of equalization must render a decision on each appeal in the time frame prescribed by the Property Tax Act. Under certain circumstances, the county board of equalization must hold a hearing regarding the application, at which the taxpayer has the burden of proving that the property sustained a decrease in fair market value. Decisions of the county board of equalization may be appealed to the State Tax Commission, which must decide all appeals relating to real property by March 1 of the following year. Owners of centrally-assessed property or any county showing reasonable cause, may, on or before the later of August 1 or a day within 90 days of the date the notice of assessment is mailed by the State Tax Commission, apply to the State Tax Commission for a hearing to contest the assessment of centrally-assessed property. The State Tax Commission must render a written decision within 120 days after the hearing is completed and all post-hearing briefs are submitted. The county auditor makes a record of all changes, corrections and orders, and delivers before November 1 the corrected assessment rolls to the county treasurers. On or before November 1, each county treasurer furnishes each taxpayer a notice containing, among other things, the kind and value of the property assessed to the taxpayer, the street address of the property, where applicable, the amount of the tax levied on the property and the year the property is subject to a detailed review.

Without an extension by a County legislative body, taxes are due November 30 (and if a Saturday, Sunday or holiday, the next business day). Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10 whichever is greater (delinquent taxes paid on or before January 31 immediately following the delinquency date the penalty is 1% of the amount of the delinquent tax or \$10 whichever is greater). Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6% from the January 1 following the delinquency date until paid (said interest may not be less than 7% nor more than 10%). If delinquent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

The process described above changes if a county or other taxing entity proposes a tax rate in excess of the certified tax rate (as described under “Public Hearing On Certain Tax Increases” below). If such an increase is proposed, the taxing entity must adopt a proposed tax rate before June 22. In addition, the county auditor must include certain information in the notices to be mailed by July 22, as described above, including information concerning the tax impact of the proposed increase on the property and the time and place of the public hearing described in “Public Hearing On Certain Tax Increases” below. In most cases, notice of the public hearing must also be advertised by publication. After the public hearing is held, the taxing entity may adopt a resolution levying a tax more than the certified tax rate. A resolution levying a tax more than the certified tax rate must be forwarded to the county auditor by August 17. The final tax notice is then mailed by November 1.

### **Public Hearing On Certain Tax Increases**

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so (by resolution) only after holding a properly noticed public hearing. Generally, the certified tax rate is the rate necessary to generate the same property tax revenue that the taxing entity budgeted for the prior year, with certain exclusions. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of eligible new growth. With certain exceptions, the certified tax rate for the minimum school levy, debt service voted on by the public and certain state and county assessing and collecting levies are the actual levies imposed for such purposes and no hearing is required for these levies.

Among other requirements, on or before July 22 of the year in which such an increase is proposed, the county auditor must mail to all property owners a notice of the public hearing. In most cases, the taxing entity must advertise the notice of public hearing by publication in a newspaper. Such notices must state, among other things, the value of the property, the time and place of the public hearing, and the tax impact of the proposed increase.

### **Property Tax Matters**

The Property Tax Act provides that all taxable property is required to be assessed and taxed at a uniform and equal rate based on its “fair market value” as of January 1 of each year, unless otherwise provided by law. “Fair market value” is defined in the Property Tax Act as “the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.” Pursuant to an exemption for residential property provided for under the Property Tax Act and Article XIII of the State Constitution, the “fair market value” of residential property is reduced by 45%. The residential exemption is limited to one acre of land per residential unit and to one primary residence per household, except that an owner of multiple residential properties may exempt his or her primary residence and each residential property that is the primary residence of a tenant.

The Property Tax Act provides that the State Tax Commission shall assess certain types of property (“centrally–assessed property”), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) properties, (iii) airline operating properties, (iv) geothermal resources and (v) mines, mining claims and appurtenant machinery, facilities and improvements. All other taxable property (“locally–assessed property”) is required to be assessed by the county assessor of the county in which such locally–assessed property is located. Each county assessor must update property values annually based upon a systematic review of current market data by using a State mandated mass appraisal system and must also complete a detailed review of property characteristics for each parcel of property at least once every five years. The Property Tax Act requires that the State Tax Commission conduct an annual investigation in each county to determine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its “fair market value.”

The State Tax Commission and the county assessors utilize various valuation methods, as determined by statute, administrative regulation or accepted practice, to determine the “fair market value” of taxable property.

*Uniform Fees.* An annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is based on the value of motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. The current uniform fee is established at 1.5% of the fair market value of motor vehicles that weigh 12,001 pounds or more, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State, excluding exempt property such as aircraft and property subject to a fixed age–based fee. Motor vehicles weighing 12,000 pounds or less and certain other vehicles are subject to an age–based fee that is due each time the vehicle is registered. The revenues collected from the various uniform fees are distributed by the county to the taxing entity in which the property is in the same proportion in which revenue collected from ad valorem real property is distributed.

### Historical Ad Valorem Tax Rates

The maximum rate of levy applicable to the City for general fund operations authorized by State law is .007000 per dollar of taxable value of taxable property within the City. *The City may levy an unlimited tax levy to pay the principal of and interest on legally issued general obligation bonds.*

	Maximum Limit	Tax Rate (Calendar Year)				
		2018	2017	2016	2015	2014
General operations.....	.007000	.001202	.001237	.001304	.001362	.001248
General obligation bonds.....	unlimited	.000732	.000822	.000580	.000610	.000819
Judgment recovery levy (1) .....	unlimited	<u>.000000</u>	<u>.000000</u>	<u>.000000</u>	<u>.000000</u>	<u>.000000</u>
Total levy .....		<u>.001934</u>	<u>.002059</u>	<u>.001884</u>	<u>.001972</u>	<u>.002067</u>

(1) A “judgment levy” is levied for the purpose of collecting additional revenues. The City has the legal right to levy a “judgment levy” in the succeeding tax year to make up for any tax revenue shortfall due to tax or revaluation “judgment” circumstances that the City had no control over.

(Source: Information taken from reports of the Utah State Tax Commission. Compiled by the Municipal Advisor.)

For a 10–year Calendar Year history of the City’s presentation of the taxable and estimated fair market valuation see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018–Statistical Section–Schedule 9. Direct and Overlapping Property Tax Rates” (CAFR page 121).

## Comparative Ad Valorem Total Property Tax Rates Within Summit County

Tax Levying Entity (1)	Total Tax Rate Within Taxing Area (Fiscal Year)				
	2018	2017	2016	2015	2014
North Summit School District:					
Coalville City.....	.010552	.011074	.011220	.011398	.011793
Henefer Town.....	.008262	.008702	.008851	.009027	.009404
South Summit School District:					
Francis City.....	.009633	.010234	.010263	.010809	.011279
Kamas City.....	.009197	.009635	.009668	.010008	.010538
Oakley City.....	.008924	.009514	.009238	.009561	.010040
Park City School District:					
Park City.....	.008140	.008388	.008680	.009505	.009096
Unincorporated areas (2):					
North Summit School District.....	.014427	.015947	.014722	.014220	.014596
South Summit School District.....	.014365	.015923	.014479	.014065	.014488
Park City School District.....	.009196	.009117	.009567	.010223	.010296

- (1) These tax rates represent a taxing district within the city or town with the highest combined total tax rates of all overlapping taxing districts.
- (2) These tax rates represent a taxing district within the unincorporated municipalities within the County with the highest combined total tax rates of all overlapping taxing districts.

(Source: Information taken from reports of the Utah State Tax Commission. Compiled by the Municipal Advisor.)

For a 10-year Calendar Year history of the City's presentation of the taxable and estimated fair market valuation see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section—Schedule 9. Direct and Overlapping Property Tax Rates" (CAFR page 121).

## Taxable, Fair Market And Market Value Of Property

Taxable and Fair Market values contain values from both Summit and Wasatch Counties.

Calendar Year	Taxable Value (2)	% Change Over Prior Year	Fair Market/Market Value (3)	% Change Over Prior Year
2018 (1).....	\$9,377,969,360	7.9	\$10,592,069,360	8.2%
2017.....	8,694,398,985	5.2	9,784,846,435	5.1
2016.....	8,267,457,211	5.3	9,312,023,789	5.2
2015.....	7,853,430,440	6.5	8,854,600,357	6.5
2014.....	7,370,755,842	4.6	8,316,517,010	4.7

- (1) Preliminary; subject to change. Fair Market/Market Value calculated by the Municipal Advisor.
- (2) Taxable valuation includes redevelopment agency valuation but excludes semi-conductor manufacturing equipment ("SCME"). The estimated redevelopment agency valuation for Calendar Year 2018 was approximately \$665.0 million; for Calendar Year 2017 was approximately \$528.2 million; for Calendar Year 2016 was approximately \$478.2 million; for Calendar Year 2015 was approximately \$447.5 million; and for Calendar Year 2014 was approximately \$421.0 million.
- (3) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Utah Property Tax Act. Does not include market valuation for SCME.

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)

## Historical Summaries Of Taxable Values Of Property Of Park City

	<u>2018*</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
<i>Set by State Tax Commission (Centrally Assessed)</i>	<u>Taxable Value</u>	<u>% of T.V.</u>	<u>Taxable Value</u>							
Total centrally assessed.....	\$ 53,352,355	0.6	\$ 47,051,880	\$ 39,624,113	\$ 33,026,474	\$ 28,282,491				
<i>Set by County Assessor (Locally Assessed)</i>										
Real property:										
Primary residential.....	1,483,900,000	15.8	1,332,769,105	1,276,692,484	1,223,652,121	1,155,930,317				
Other residential.....	6,630,140,000	70.7	6,158,384,939	5,835,889,982	5,517,129,952	5,118,234,124				
Commercial and industrial.....	811,840,000	8.7	780,963,990	739,074,106	689,373,618	679,149,193				
FAA.....	23,230	0.0	23,320	23,320	20,873	21,880				
Unimproved non FAA.....	319,596,628	3.4	296,097,877	298,635,497	316,760,304	315,910,164				
Agricultural.....	185,092	0.0	175,819	184,851	305,797	305,797				
Total real property.....	<u>9,245,684,950</u>	<u>98.6</u>	<u>8,568,415,050</u>	<u>8,150,500,240</u>	<u>7,747,242,665</u>	<u>7,269,551,475</u>				
Personal property (1):										
Primary mobile homes.....	0	0.0	0	0	0	0				
Secondary mobile homes.....	0	0.0	0	0	0	0				
Other business personal.....	78,932,055	0.8	78,932,055	77,332,858	73,161,301	72,921,876				
Total personal property.....	<u>78,932,055</u>	<u>0.8</u>	<u>78,932,055</u>	<u>77,332,858</u>	<u>73,161,301</u>	<u>72,921,876</u>				
Total locally assessed.....	<u>9,324,617,005</u>	<u>99.4</u>	<u>8,647,347,105</u>	<u>8,227,833,098</u>	<u>7,820,403,966</u>	<u>7,342,473,351</u>				
Total taxable value.....	<u>\$9,377,969,360</u>	<u>100.0</u>	<u>\$ 8,694,398,985</u>	<u>\$ 8,267,457,211</u>	<u>\$ 7,853,430,440</u>	<u>\$ 7,370,755,842</u>				

\* Preliminary; subject to change.

(1) Does not include taxable valuation associated with SCME (semi-conductor manufacturing equipment).

(Source: Property Tax Division, Utah State Tax Commission.)

For a 10-year Calendar Year history of the City's presentation of the taxable and estimated fair market valuation see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section—Schedule 6. Assessed Value of Taxable Property Excluding Fee-In-Lieu—Summit and Wasatch Counties Combined" (CAFR page 118).

## Tax Collection Record

Most of the City is in Summit County with a small portion of the City overlapping into Wasatch County. Ad valorem property taxes are due on November 30<sup>th</sup> of each year. Final Fiscal Year 2019 (Tax Year or Calendar Year 2018) tax collections (due November 30, 2018) are not available.

### Summit County

Tax Year End 12/31	(1) Total Taxes Levied	(2) Treasurer's Relief	Net Taxes Assessed	Current Collections	(3) Deliq., Personal Property and Miscellaneous Collections	(4) Total Collections	% of Current Collections to Net Taxes Assessed	% of Total Collections to Net Taxes Assessed
2017	\$17,244,613	\$10,892	\$17,233,721	\$16,413,292	\$ 753,078	\$17,166,370	95.2	99.6
2016	15,002,232	11,327	14,990,905	14,250,202	673,431	14,923,633	95.4	99.6
2015	11,751,506	17,281	11,734,225	11,174,672	720,769	11,895,442	95.2	101.4
2014	14,629,136	11,205	14,617,930	13,871,018	573,991	14,445,009	94.9	98.9
2013	13,560,781	8,713	13,552,068	12,825,160	506,208	13,331,368	94.6	98.4

- (1) Excludes redevelopment agencies valuation.
- (2) Treasurer's Relief includes abatements established by statute to low-income, elderly and for hardship situations. These Treasurer's Relief items are levied against the property but are never collected and paid to the entity.
- (3) Delinquent Collections include interest; sales of real and personal property; and miscellaneous delinquent collections.
- (4) In addition to the Total Collections indicated above, the City collected fees-in-lieu payments for tax year 2017 of \$222,148; for tax year 2016 of \$222,068; for tax year 2015 of \$289,146; for tax year 2014 of \$218,075; and for tax year 2013 of \$207,250; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

### Wasatch County

Tax Year End 12/31	(1) Total Taxes Levied	(2) Treasurer's Relief	Net Taxes Assessed	Current Collections	(3) Deliq., Personal Property and Miscellaneous Collections	(4) Total Collections	% of Current Collections to Net Taxes Assessed	% of Total Collections to Net Taxes Assessed
2017	\$639,263	\$6	\$639,257	\$633,356	\$12,350	\$645,706	99.1	101.0
2016	582,082	7	582,075	570,783	8,629	579,412	98.1	99.5
2015	588,597	1	588,596	580,842	147	558,989	98.7	98.7
2014	611,098	1	611,098	611,160	2,936	614,096	100.0	100.5
2013	608,641	1	608,640	605,996	2,940	608,936	99.6	100.0

- (1) Excludes redevelopment agencies valuation.
- (2) Treasurer's Relief includes abatements established by statute to low-income, elderly and for hardship situations. These Treasurer's Relief items are levied against the property but are never collected and paid to the entity.
- (3) Delinquent Collections include interest; sales of real and personal property; and miscellaneous delinquent collections.
- (4) In addition to the Total Collections indicated above, the City collected fees-in-lieu payments for tax year 2017 of \$69.00; for tax year 2016 of \$72.00; for tax year 2015 of \$304.00; for tax year 2014 of \$324.00; and for tax year 2013 of \$45.00; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)

For a 10-year history of the City's presentation of property tax collections see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section—Schedule 13. Property Tax Levies and Collections Last Ten Fiscal Years" (CAFR page 125).

### **Some Of The Largest Ad Valorem Property Tax Payers**

The City's single largest property tax payer in Fiscal Year 2018 (Calendar Year 2017) was Talisker Empire Pass Hotel LLC (Montage), a resort/lodging company. The company comprised approximately 2.2% of the City's total taxable valuation for Calendar Year 2017. The top 10 largest property tax payers comprised approximately 5.4% of the City's total taxable valuation for Calendar Year 2017.

For a list of the City's 10 largest property tax payers for Fiscal Year 2018 and Fiscal Year 2009 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section—Schedule 11. Principal Taxpayers for Current Year and Nine Years Ago" (CAFR page 123) below.

### **Sales And Use Taxes; Franchise Taxes**

*Total City-Wide Sales and Use Taxes.* As of the date of this OFFICIAL STATEMENT, the City's general total sales and use tax rate is 8.70% (consisting of 4.70% state tax; 1% local tax); 0.25% county option; 0.30% mass transit; 0.25% additional mass transit; 0.25% county option transportation; 0.25% transportation infrastructure; 0.10% botanical, cultural, zoo; and 1.6% resort community (which includes 0.50% additional resort community room).

In addition, the City imposes a 1% municipal transient room tax; a 6% municipal energy tax and a 3.5% municipal telecommunications license tax.

*County-Wide Sales and Use Taxes.* Within the City are county-wide sales and use taxes. For example, as of the date of this OFFICIAL STATEMENT, current county-wide sales tax levies include:

(i) a 3% transient room tax; (ii) a 2.5% motor vehicle leasing tax; (iii) a 1% tourism–restaurant tax; and (iv) a \$1.32 monthly per line county telecommunications (consisting of \$0.71 E911 emergency; \$0.09 unified state-wide 911; and \$0.52 radio network) tax.

*State-Wide Sales and Use Tax.* The State levies a state-wide sales and use tax, which is currently imposed at a rate of 4.70% (as indicated above) of the purchase price of taxable goods and services; a 0.32% transient room tax; and 3% on unprepared food and food ingredients (1.75% State; local option 1% and county option 0.25%). For residential energy use, the State currently imposes a tax rate of 2.0%.

## **LEGAL MATTERS**

### **Absence Of Litigation Concerning The 2019 Bonds**

There is no litigation pending or threatened questioning or in any manner relating to or affecting the validity of the 2019 Bonds.

On the date of the execution and delivery of the 2019 Bonds, certificates will be delivered by the City to the effect that to the knowledge of the City, there is no action, suit, proceeding or litigation pending or threatened against the City, which in any way materially questions or affects the validity or enforceability of the 2019 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the City.

A non-litigation opinion issued by Mark D. Harrington, City Attorney, dated the date of closing, will be provided stating, among other things, that there is not pending, or to his knowledge threatened, any action, suit, proceeding, inquiry, or any other litigation or investigation, at law or in equity, before or by any court, public board or body, challenging the creation, organization or existence of the City, or the ability of the City, or their respective officers to authenticate, execute or deliver the 2019 Bonds or such other documents as may be required in connection with the issuance and sale of the 2019 Bonds, or to comply with or perform its respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2019 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2019 Bonds are issued, the legality of the purpose for which the 2019 Bonds are issued, or the validity of the 2019 Bonds or the issuance and sale thereof.

Also, see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Notes to the Financial Statements—Note H. Commitments and Contingencies” (CAFR page 82).

## **General**

Certain legal matters incident to the authorization, issuance and sale of the 2019 Bonds are subject to the approving legal opinion of Farnsworth Johnson PLLC, Bond Counsel to the City. Certain legal matters will be passed upon for the City by Mark D. Harrington, City Attorney. The approving opinion of Bond Counsel will be delivered with the 2019 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL” of this OFFICIAL STATEMENT will be made available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness, or sufficiency of the OFFICIAL STATEMENT or other offering material relating to the 2019 Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this OFFICIAL STATEMENT.

The various legal opinions to be delivered concurrently with the delivery of the 2019 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **TAX MATTERS**

### **Federal Income Taxation of 2019 Bonds**

In the opinion of Farnsworth Johnson PLLC (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). *In the further opinion of Bond Counsel, interest on the 2019 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax.* Bond Counsel expects to deliver an opinion at the time of issuance of the 2019 Bonds substantially in the form set forth in “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL” hereto.

To the extent the issue price of any maturity of the 2019 Bonds is less than the amount to be paid at maturity of such 2019 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2019 Bonds), the difference constitutes “original issue discount,” the accrual of which, to

the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2019 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the 2019 Bonds is the first price at which a substantial amount of such maturity of the 2019 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2019 Bonds accrues daily over the term to maturity of such 2019 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2019 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2019 Bonds. Beneficial Owners of the 2019 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2019 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2019 Bonds in the original offering to the public at the first price at which a substantial amount of such 2019 Bonds is sold to the public.

2019 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2019 Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the 2019 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2019 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2019 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2019 Bonds may adversely affect the value of, or the tax status of interest on, the 2019 Bonds.

Although Bond Counsel is of the opinion that interest on the 2019 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds may otherwise affect a Beneficial Owner’s federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the 2019 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the 2019 Bonds. Prospective purchasers of the 2019 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the

2019 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the 2019 Bonds ends with the issuance of the 2019 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Beneficial Owners regarding the tax–exempt status of the 2019 Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the Beneficial Owners) other than the City and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax–exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2019 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2019 Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

### **Utah Income Taxation**

In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any other political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state or local taxes.

## **MISCELLANEOUS**

### **Bond Ratings**

As of the date of this OFFICIAL STATEMENT, the 2019 Bonds have been rated “AA+” by Fitch, “Aaa” by Moody’s, and “AA+” by S&P. An explanation of these ratings may be obtained from Fitch, Moody’s, and S&P.

Such ratings do not constitute a recommendation by the rating agencies to buy, sell or hold the 2019 Bonds. Such ratings reflect only the views of Fitch, Moody’s, and S&P, and any desired explanation of the significance of such ratings should be obtained from the rating agencies. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that the ratings given the outstanding 2019 Bonds will continue for any given period or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2019 Bonds.

### **Municipal Advisor**

The City has entered an agreement with the Municipal Advisor where under the Municipal Advisor provides financial recommendations and guidance to the City with respect to preparation for sale of the 2019 Bonds, timing of sale, taxable and tax–exempt bond market conditions, costs of issuance and other factors related to the sale of the 2019 Bonds. The Municipal Advisor has read and participated in the

drafting of certain portions of this OFFICIAL STATEMENT and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

### **Independent Auditors**

The basic financial statements and required supplementary information of the City as of June 30, 2018 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Piercy Bowler Taylor & Kern, Certified Public Accountants, Salt Lake City, Utah (“Piercy Bowler”), as stated in their report in “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018” (CAFR page 2). Piercy Bowler has not been engaged to perform and has not performed, since the date of their report included in the Fiscal Year 2018 CAFR, any procedures on the financial statements addressed in the Fiscal Year 2018 CAFR.

Piercy Bowler has not participated in the preparation or review of this OFFICIAL STATEMENT. Based upon their non-participation, they have not consented to the use of their name in this OFFICIAL STATEMENT.

### **Additional Information**

All quotations contained herein from and summaries and explanations of the State Constitution, statutes, programs and laws of the State, court decisions and the Resolution, do not purport to be complete, and reference is made to said State Constitution, statutes, programs, laws, court decisions and the Resolution for full and complete statements of their respective provisions.

Any statements in this OFFICIAL STATEMENT involving matters of opinion, whether expressly so stated, are intended as such and not as representation of fact.

The appendices attached hereto are an integral part of this OFFICIAL STATEMENT and should be read in conjunction with the foregoing material.

*This PRELIMINARY OFFICIAL STATEMENT is in a form deemed final for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission.*

This OFFICIAL STATEMENT and its distribution and use have been duly authorized by the City.

**Park City, Utah**

(This page has been intentionally left blank.)

## APPENDIX A

### COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018

The CAFR for Fiscal Year 2018 is contained herein. Copies of current and prior financial reports are available upon request from the City's contact person as indicated under "INTRODUCTION—Contact Persons" above.

*The City's CAFR for Fiscal Year 2019 must be completed under State law by December 31, 2019.*

#### **Government Finance Officers Association; Certificate of Achievement for Excellence in Financial Reporting**

*Certificate of Achievement for Excellence in Financial Reporting.* The Government Finance Officers Association of the United States and Canada ("GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for 30 consecutive years, beginning with Fiscal Year 1987 through Fiscal Year 2017. For the Fiscal Year 2017 certificate see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Certificate of Achievement" (CAFR page xiii).

To be awarded a certificate of achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports 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 submitted its Fiscal Year 2018 CAFR to GFOA to determine its eligibility for a Certificate of Achievement. The City believes that its Fiscal Year 2018 CAFR continues to meet the Certificate of Achievement program requirements.*

*Distinguished Budget Presentation Award.* GFOA has awarded a Distinguished Budget Presentation Award to the City for the biennium period beginning July 1, 2009. The City also received the award for Fiscal Years 1992 and 1993 and the biennium periods beginning 1997 through 2017.

*The City has submitted its Fiscal Year 2019 Budget to GFOA to determine its eligibility for a Distinguished Budget Presentation. The City believes that its Fiscal Year 2019 Budget continues to meet the Distinguished Budget Presentation program requirements.*

To receive the budget award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

(The remainder of this page has been intentionally left blank.)

(This page has been intentionally left blank.)

# **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**

**CONTENTS**

**INTRODUCTORY SECTION**

	Page
Transmittal Letter	ii
Principal Officials	xi
Organization Chart	xii
Certificate of Achievement	xiii

**FINANCIAL SECTION**

Independent Auditors' Report on Financial Statements and Supplementary Information	2
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	22
Statement of Activities	24
Governmental Fund Financial Statements	
Balance Sheet	27
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	28
Statement of Revenues, Expenditures, and Changes in Fund Balances	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds to the Statement of Activities	30
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	31
Proprietary Fund Financial Statements	
Statement of Net Position	33
Reconciliation of the Statement of Net Position – Proprietary Funds to the Statement of Net Position	34
Statement of Revenues, Expenses, and Changes in Net Position	35
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds to the Statement of Activities	36
Statement of Cash Flows	37
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	39
Statement of Changes in Fiduciary Net Position	40
Notes to the Basic Financial Statements	
Note A – Summary of Significant Accounting Policies	42
Note B – Cash, Cash Equivalents and Investments	52
Note C – Notes Receivable	56
Note D – Capital Assets	56
Note E – Long-Term Obligations	58
Note F – Retirement Plans	70
Note G – Defined Contribution Plans	81
Note H – Commitments and Contingencies	82
Note I – Intergovernmental Revenues	83
Note J – Interfund Loans	83

Note K – Risk Management	83
Note L – Budget Reconciliation	84
Note M – Interfund Transfers	84
Note N – Taxes	85
Note O – Unavailable Revenue	86
Note P – Conduit Debt	86
Note Q – Pollution Remediation	86
Note R – Restatements	87
Note S – Subsequent Events	89
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability	91
Schedule of Contributions	92
Notes to Required Supplementary Information	
Note 1 – Change in Assumptions	93
Supplementary Information – Combining and Individual Non-Major Fund Statements and Schedules	
Governmental Funds	
Non-Major Governmental Funds	
Combining Balance Sheet	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	97
Budgetary Comparison Schedules	
Schedules of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual:	
Sales Tax Revenue and Refunding Bonds Debt Service Fund	98
General Obligation Debt Service Fund	99
Capital Improvements Fund	100
Lower Park Avenue Redevelopment Special Revenue Fund	101
Main Street Redevelopment Special Revenue Fund	102
Lower Park Avenue Redevelopment Capital Projects Fund	103
Main Street Redevelopment Capital Projects Fund	104
Municipal Building Authority Capital Projects Fund	105
Equipment Replacement Capital Improvements Fund	106
Internal Service Funds	
Combining Statement of Net Position	108
Combining Statement of Revenues, Expenses and Changes in Net Position	109
Combining Statement of Cash Flows	110

## STATISTICAL SECTION

	Page	
Schedule 1	Net Position by Component	112
Schedule 2	Changes in Net Position	113
Schedule 3	Fund Balances of Governmental Funds	115
Schedule 4	Changes in Fund Balances of Governmental Funds	116
Schedule 5	General Government Tax Revenues by Source	117
Schedule 6	Assessed Value of Taxable Property Excluding Fee-In-Lieu	118
Schedule 7	Assessed Value of Taxable Property Including Fee-In-Lieu	119
Schedule 8	Taxable Retail Sales by Category	120
Schedule 9	Direct and Overlapping Property Tax Rates	121
Schedule 10	Direct and Overlapping Sales Tax Rates	122
Schedule 11	Principal Property Taxpayers	123
Schedule 12	City Tax Revenue Collected by County	124

Schedule 13	Property Tax Levies and Collections	125
Schedule 14	Ratios of Outstanding Debt by Type	126
Schedule 15	Ratios of General Bonded Debt Outstanding	127
Schedule 16	Direct and Overlapping Governmental Activities Debt	128
Schedule 17	Legal Debt Margin Information	129
Schedule 18	Pledged-Revenue Coverage	130
Schedule 19	Water Fund Refunding and Revenue bonds	131
Schedule 20	Demographic and Economic Statistics	132
Schedule 21	Principal Employers	133
Schedule 22	Full-Time Equivalent City Government Employees by Function	134
Schedule 23	Population Statistics	135
Schedule 24	Transient Room Capacity as a Percentage of Population	136
Schedule 25	Historical Pledged Taxes	137
Schedule 26	Operating Indicators by Function	138
Schedule 27	Capital Asset Statistics by Function	139
Schedule 28	Schedule of Insurance in Force	140
Schedule 29	Five-Year Financial Summaries	141

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

	Page
Schedule of Expenditures of Federal Awards	143
Notes to Schedule of Expenditures of Federal Awards	144
Schedule of Findings and Questioned Costs	145
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	146
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	148
Independent Auditor's Report on Compliance and on Internal Control Over Compliance in Accordance with the State Compliance Audit Guide	150

THIS PAGE LEFT BLANK INTENTIONALLY

---

# **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.

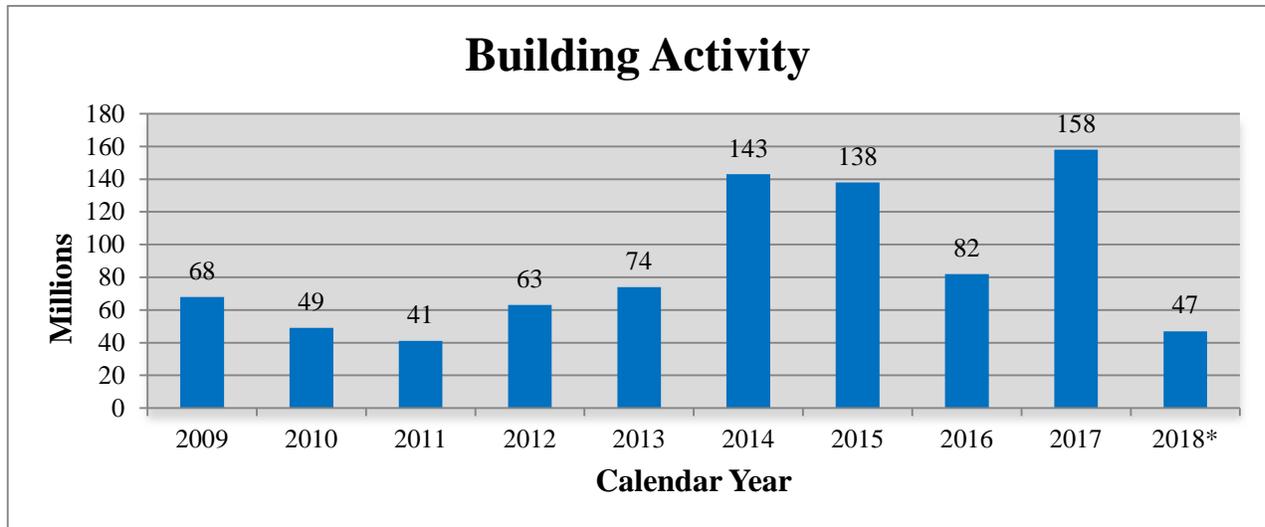
The service population is much larger due to the number of secondary homeowners and visitors within Park City. The City has approximately 161 restaurants, 217 shops, 33 private art centers and a community-sponsored art center. Many of Park City’s restaurants are award winning and among the finest in 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**

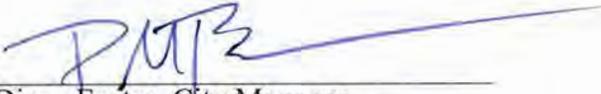
Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Park City Municipal Corporation for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

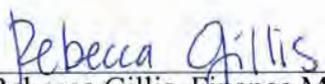
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is 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

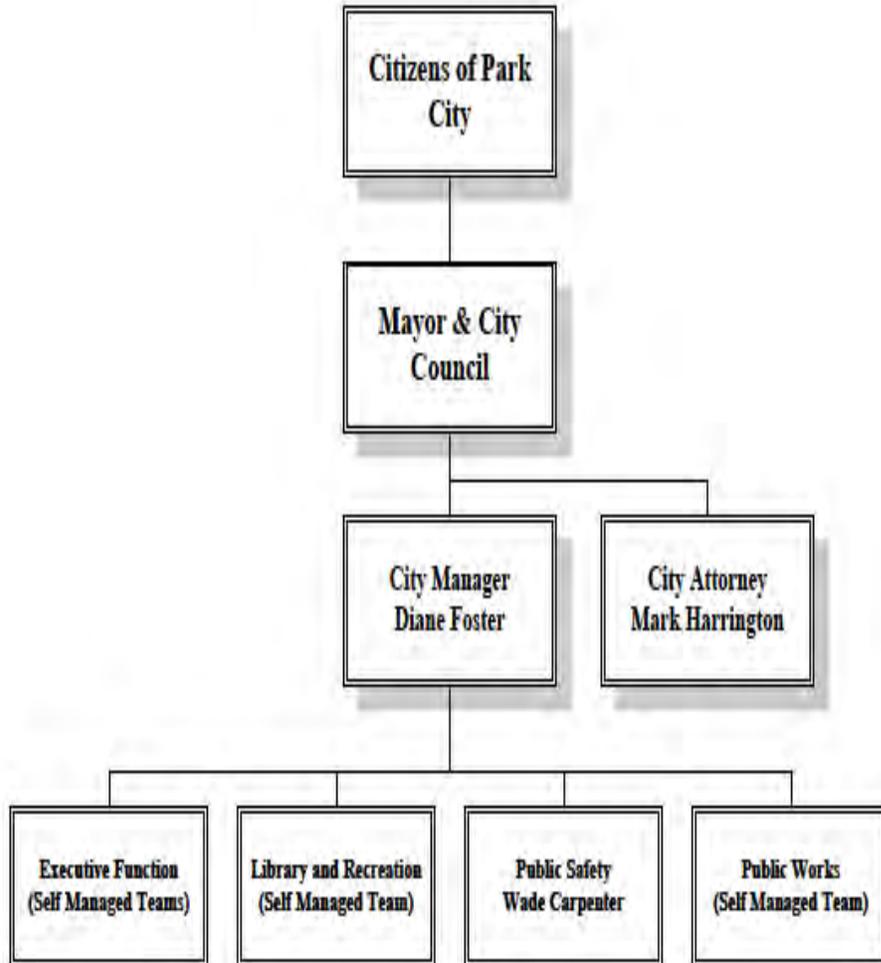
**MAYOR AND CITY COUNCIL AS OF JUNE 30, 2018**

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

Presented to

**Park City Municipal Corporation**

**Utah**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

**THIS PAGE LEFT BLANK INTENTIONALLY**

---

# **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.

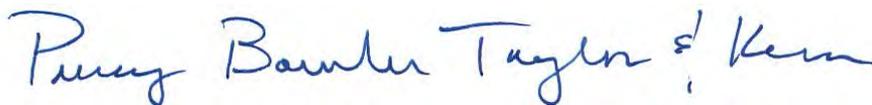
**Other Matters.** Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding progress, proportionate share of the collective net pension liability information, and proportionate 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)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>Total % Change</b>
	<b>2018</b>	<b>2017 *</b>	<b>2018</b>	<b>2017 *</b>	<b>2018</b>	<b>2017 *</b>	
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	370.5	323.1	163.4	166.8	533.9	489.9	9.0%
Total deferred outflows of resources	5.3	4.9	2.1	1.7	7.4	6.6	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	109.3	84.6	41.0	50.5	150.3	135.1	11.3%
Total deferred inflows of resources	24.8	21.4	1.6	0.5	26.4	21.9	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	\$ 241.7	\$ 222.0	\$ 122.9	\$ 117.5	\$ 364.6	\$ 339.5	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**

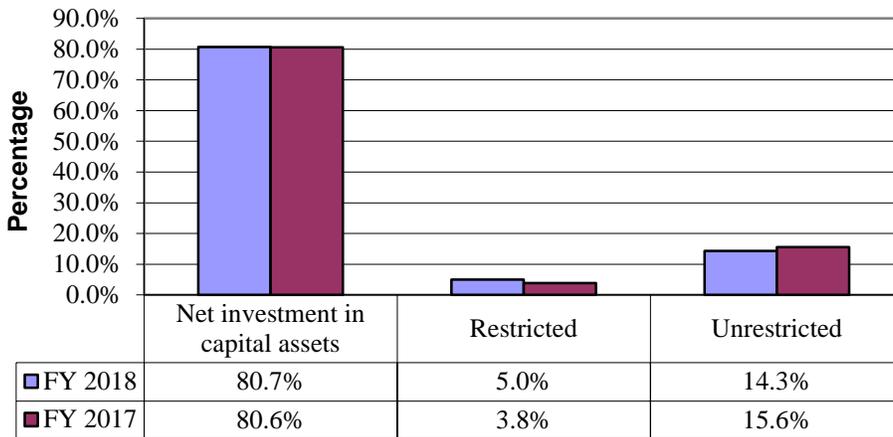
purchase of Bonanza Park East (Arts & Culture District), combined with routine acquisitions of capital assets, repayments of the related debt and depreciation expense.

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%
<b>Total revenues</b>	<u>63.0</u>	<u>53.0</u>	<u>41.4</u>	<u>48.1</u>	<u>104.4</u>	<u>101.1</u>	<u>3.3%</u>
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%
<b>Total expenses</b>	<u>44.0</u>	<u>42.7</u>	<u>35.3</u>	<u>29.6</u>	<u>79.3</u>	<u>72.3</u>	<u>9.7%</u>
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	<u>19.7</u>	<u>2.8</u>	<u>5.4</u>	<u>26.0</u>	<u>25.1</u>	<u>28.8</u>	<u>0.0%</u>
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	<u>\$ 241.7</u>	<u>\$ 222.0</u>	<u>\$ 122.9</u>	<u>\$ 117.5</u>	<u>\$ 364.6</u>	<u>\$ 339.5</u>	<u>7.4%</u>

\* 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:

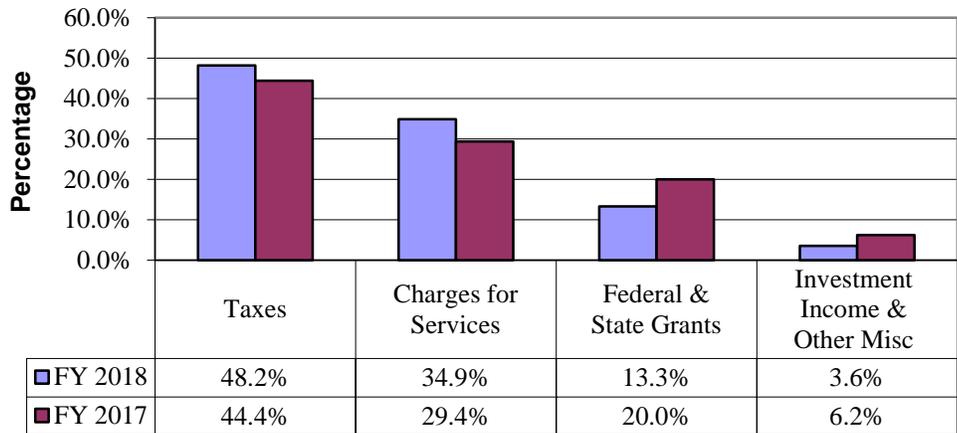
- Of the City’s total revenues, approximately 48.2 percent in fiscal year 2018 and 44.4 percent in fiscal year 2017 resulted from taxes, of which the majority was from general sales and use taxes and resort taxes as shown in the following table:

	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.

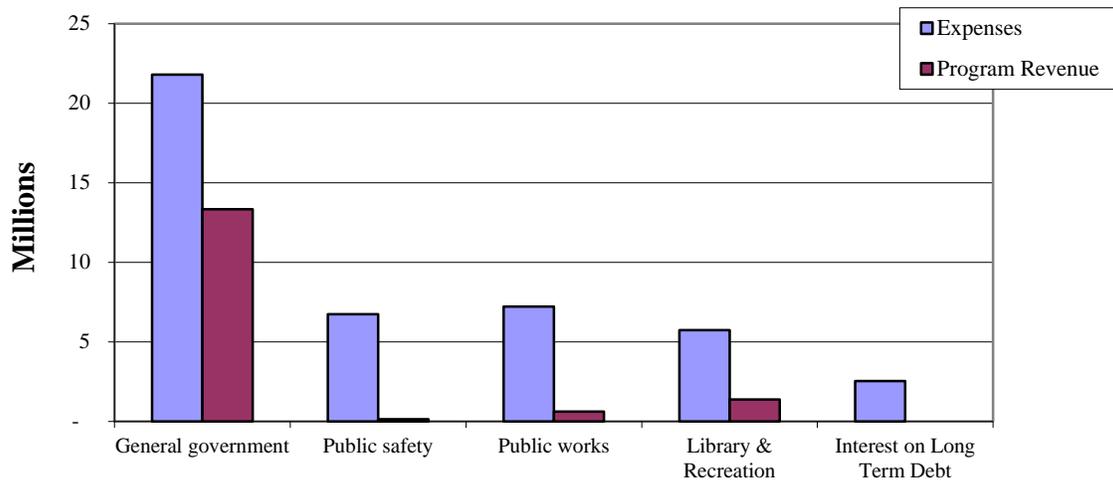
As a result, total net expenses that were funded by general revenues were \$28.5 million. Tax revenues of \$44.6 million were sufficient to fund net expenses in fiscal year 2018.

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

<b>Park City Municipal Corporation</b>					
<b>Costs of Governmental Activities</b>					
<b>(in millions of dollars)</b>					
	<b>Total Cost of</b>		<b>Net Cost of Services</b>		<b>Total %</b>
	<b>Services</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>Change</u></b>
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%
<b>Total</b>	<b><u>\$ 44.0</u></b>	<b><u>\$ 42.7</u></b>	<b><u>\$ 28.5</u></b>	<b><u>\$ 34.8</u></b>	<b><u>-18.1%</u></b>

**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.

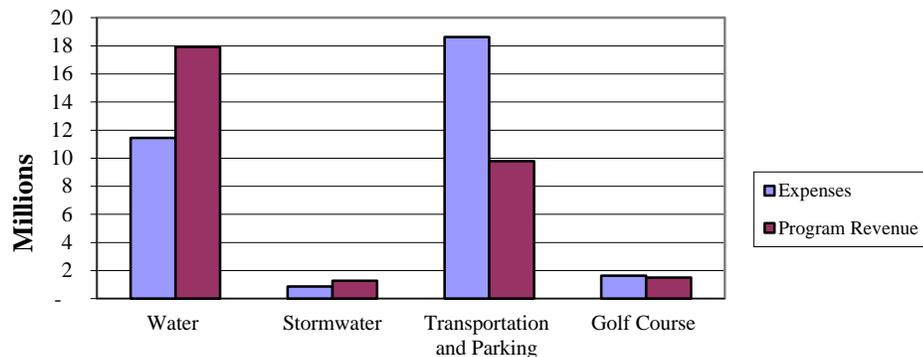
*Expense Highlights:*

- 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**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**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:

<b>Park City Municipal Corporation</b>			
<b>Proprietary Funds</b>			
<b>Fund</b>	<b>Amount</b>		<b>Change</b>
	<b><u>2018</u></b>	<b><u>2017 *</u></b>	
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	\$ 122,705,904	\$ 117,564,893	\$ 5,141,011

\* 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>Activities</u>	<u>Activities</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>Activities</u>	<u>Activities</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**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
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>
 <b>Deferred outflows of resources related to pensions</b>	 <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**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
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>
<b>Deferred inflows of resources</b>			
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>
<b>Net Position</b>			
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
<b>Total net position</b>	<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.

**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>	
<b>Primary government:</b>					
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**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
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	7,142,027	(209,933)	6,932,094
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.

THIS PAGE LEFT BLANK INTENTIONALLY

# 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
<b>Assets</b>						
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>
<b>Liabilities</b>						
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>
<b>Deferred inflows of resources</b>						
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>
<b>Fund Balances</b>						
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>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<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**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>		<b>\$ 63,065,279</b>
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		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
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>		<b>\$ 241,730,960</b>

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

**Park City Municipal Corporation, Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the 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
<b>Revenues</b>						
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
<b>Total revenues</b>	<b>34,564,546</b>	<b>195,670</b>	<b>6,487,679</b>	<b>12,156,787</b>	<b>4,105,365</b>	<b>57,510,047</b>
<b>Expenditures</b>						
<b>Current</b>						
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
<b>Debt service</b>						
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
<b>Total expenditures</b>	<b>32,514,740</b>	<b>5,254,635</b>	<b>6,420,934</b>	<b>35,795,556</b>	<b>4,127,784</b>	<b>84,113,649</b>
(Deficiency) of revenues (under) expenditures	2,049,806	(5,058,965)	66,745	(23,638,769)	(22,419)	(26,603,602)
<b>Other financing sources (uses)</b>						
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)
<b>Total other financing     sources (uses)</b>	<b>(1,681,367)</b>	<b>10,051,980</b>	<b>-</b>	<b>33,341,460</b>	<b>1,621,774</b>	<b>43,333,847</b>
<b>Change in fund balances</b>	<b>368,439</b>	<b>4,993,015</b>	<b>66,745</b>	<b>9,702,691</b>	<b>1,599,355</b>	<b>16,730,245</b>
<b>Fund balances - beginning</b>	<b>7,556,951</b>	<b>2,403,932</b>	<b>604,721</b>	<b>31,249,751</b>	<b>4,519,679</b>	<b>46,335,034</b>
<b>Fund balances - ending</b>	<b>\$ 7,925,390</b>	<b>\$ 7,396,947</b>	<b>\$ 671,466</b>	<b>\$ 40,952,442</b>	<b>\$ 6,119,034</b>	<b>\$ 63,065,279</b>

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>		
<b>Revenues:</b>				
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>
<b>Expenditures:</b>				
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>
<b>Other financing sources (uses)</b>				
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>
<b>Change in fund balance</b>	1,269,997	(558,219)	368,439	926,658
<b>Fund balance - beginning</b>	7,034,969	7,488,866	7,556,951	68,085
<b>Fund balance - ending</b>	<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**

	<b>Business-type Activities-Enterprise Funds</b>					<b>Governmental Activities- Internal Service Funds</b>
	<b>Water Fund</b>	<b>Stormwater Fund</b>	<b>Transportation and Parking Fund</b>	<b>Golf Course Fund</b>	<b>Total Enterprise Funds</b>	
<b>Assets</b>						
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>
<b>Deferred outflows of resources related to pensions</b>						
	<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>
<b>Liabilities</b>						
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>
<b>Deferred inflows of resources related to pensions</b>						
	<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>
<b>Net Position</b>						
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
<b>Total net position</b>	<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**

<b>TOTAL NET POSITION - PROPRIETARY FUNDS</b>	\$ 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**

<u>\$ 122,858,824</u>
-----------------------

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**

	<b>Business-type Activities-Enterprise Funds</b>					<b>Governmental Activities- Internal Service Funds</b>
	<b>Water Fund</b>	<b>Stormwater Fund</b>	<b>Transportation and Parking Fund</b>	<b>Golf Course Fund</b>	<b>Total Enterprise Funds</b>	
<b>Operating revenues</b>						
Charges for services	\$ 17,924,616	\$ 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>
<b>Operating expenses</b>						
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>
<b>Nonoperating revenues (expenses)</b>						
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)	-
<b>Change in net position</b>	<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>
<b>Net position - beginning</b>	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)
<b>Net position - beginning, as adjusted</b>	<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>
<b>Net position - ending</b>	<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>					<b>Governmental Activities- Internal Service Funds</b>
	<u>Water Fund</u>	<u>Stormwater Fund</u>	<u>Transportation and Parking Fund</u>	<u>Golf Course Fund</u>	<u>Total Enterprise Funds</u>	
<b>Cash flows from operating activities</b>						
Receipts from customers	\$ 16,936,414	\$ 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>
<b>Cash flows from noncapital financing activities</b>						
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>
<b>Cash flows from capital and related financing activities</b>						
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>
<b>Cash flows from investing activities</b>						
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>
<b>Net increase (decrease) in cash, cash equivalents</b>	<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>
<b>Balances—beginning of the year</b>	<u>14,384,964</u>	<u>106,395</u>	<u>14,605,311</u>	<u>638,932</u>	<u>29,735,602</u>	<u>2,354,056</u>
<b>Balances—end of the year</b>	<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>
<b>Reconciliation to statement of net assets:</b>						
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>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
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><b>Custodial Funds</b></u>
<b>ASSETS</b>	
Cash, cash equivalents and investments	\$ 2,368,500
<b>Total assets</b>	<u><u>\$ 2,368,500</u></u>
<b>LIABILITIES</b>	
Accounts payable and other liabilities	-
<b>Total liabilities</b>	<u><u>\$ -</u></u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, and other governments	2,368,500
<b>Total net position</b>	<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**

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

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

---

**NOTES  
TO THE  
FINANCIAL  
STATEMENTS**

---

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

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

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

***Long-term Obligations*** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts and gains and losses on bond refunding, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains and losses on bond refunding are reported as deferred inflows and outflows. Bond issuance costs are expensed in the period in which they are incurred. The unamortized bond premiums/discounts at June 30, 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	\$ 58,975,168	\$ 14,264,278	\$ 73,239,446	\$ 2,368,500	\$ 75,607,946
Held by fiscal agent	\$ 6,211,943	\$ 5,186,969	\$ 11,398,912	\$ -	\$ 11,398,912

**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>
<b><u>Investments by fair value level</u></b>				
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
<b>Governmental activities:</b>				
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>
<b>Business-type activities:</b>				
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
<b>Governmental activities:</b>						
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	-
<b>Total general obligation bonds</b>	<b>50,485,922</b>	<b>-</b>	<b>(4,945,000)</b>	<b>(267,556)</b>	<b>45,273,366</b>	<b>4,360,000</b>
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	-
<b>Total revenue bonds</b>	<b>20,715,393</b>	<b>35,227,871</b>	<b>(3,680,000)</b>	<b>(259,431)</b>	<b>52,003,833</b>	<b>3,240,000</b>
Compensated absences	871,088	610,744	(607,675)	-	874,157	353,697
<b>Total governmental activities</b>	<b>\$ 72,072,403</b>	<b>\$ 35,838,615</b>	<b>\$ (9,232,675)</b>	<b>\$ (526,987)</b>	<b>\$ 98,151,356</b>	<b>\$ 7,953,697</b>

**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
<b>Business-type activities:</b>						
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
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
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 Year Ending June 30,	Series 2009 Dated September 29, 2009	
	PRINCIPAL	INTEREST
2019	\$ 1,810,000	\$ 90,500
Total	1,810,000	90,500
Plus unamortized premium	147,526	-
Total	\$ 1,957,526	\$ 90,500

**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](http://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:

	<b>Employee</b>	<b>Employer</b>	<b>Employer 401(k)</b>
<b>Contributory System</b>			
11 Local Government Div - Tier 1	6.00	14.46	N/A
111 Local Government Div - Tier 2*	N/A	15.11	1.58
<b>Noncontributory System</b>			
15 Local Government Div - Tier 1	N/A	18.47	N/A
<b>Public Safety System</b>			
<b>Contributory</b>			
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
<b>Noncontributory</b>			
43 Other Div A with 2.50% COLA	N/A	34.04	N/A
<b>Tier 2 Defined Contribution Only*</b>			
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:

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
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:

<u>Measurement Date: December 31, 2017</u>						
	<u>Net Pension</u>		<u>Net Pension Proportionate</u>		<u>Proportionate Share</u>	<u>Change</u>
	<u>Asset</u>	<u>Liability</u>	<u>Share</u>		<u>December 31, 2016</u>	<u>(Decrease)</u>
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)
	<u>\$ 3,365</u>	<u>\$ 7,780,234</u>				

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:

	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
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	<u>\$ 7,335,717</u>	<u>\$ 6,025,820</u>

\$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>	<b>Deferred Outflows (Inflows) of Resources</b>
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>	<b>Deferred Outflows (Inflows) of Resources</b>
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>	<b>Deferred Outflows (Inflows) of Resources</b>
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:

<b>Fiscal Year Ending</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
<b>June 30,</b>		
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
Incurring claims	105,918
Claim payments	91,035
Unpaid claims as of June 30, 2017	28,680
Incurring 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
<b>General Fund:</b>			
Revenues	\$ 32,404,880	\$ 2,569,912	\$ 34,974,792
Expenditures	32,453,539	1,398,105	33,851,644
<b>Special Revenue Funds:</b>			
Revenues	\$ 3,655,792	\$ -	\$ 3,655,792
Expenditures	1,292,989	-	1,292,989
<b>Debt Service Funds:</b>			
Revenues	\$ 6,489,841	\$ -	\$ 6,489,841
Expenditures	8,705,848	2,998,296	11,704,144
<b>Capital Projects Funds:</b>			
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>							
<b>Governmental activities</b>							
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
<b>Business-type activities</b>							
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
<b>Total</b>	<b>\$2,577,182</b>	<b>\$33,203,271</b>	<b>\$5,027,357</b>	<b>\$3,466,825</b>	<b>\$25,000</b>		<b>\$44,299,635</b>

**Government-Wide Financial Statements**

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

**NOTE N - TAXES**

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

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

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 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
<b>Governmental activities:</b>			
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>
<b>Business-type activities:</b>			
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 <sup>1</sup>

	As of calendar year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of its covered employee payroll
Noncontributory System	2014	1.1057757 %	\$ 4,801,538	\$ 8,969,083	53.50 %	90.20 %
	2015	1.1629907	6,580,767	8,900,339	73.94	87.80
	2016	1.1028763	7,081,816	8,404,365	84.26	87.30
	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

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

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

	As of fiscal year ended June 30,	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll <sup>2</sup>
Noncontributory System	2014	\$ 1,463,515	\$ 1,463,515	\$ -	\$ 8,593,869	17.03 %
	2015	1,593,052	1,593,052	-	8,676,643	18.36
	2016	1,583,281	1,583,281	-	8,630,571	18.35
	2017	1,559,571	1,559,571	-	8,480,620	18.39
	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 <sup>3</sup>	2014	274,597	274,597	-	1,962,810	13.99
	2015	447,904	447,904	-	2,998,019	14.94
	2016	652,227	652,227	-	4,374,424	14.91
	2017	830,304	830,304	-	5,568,772	14.91
	2018	1,051,865	1,051,865	-	6,961,378	15.11
Tier 2 Public Safety and Firefighter System <sup>3</sup>	2014	43,142	43,142	-	206,915	20.85
	2015	46,309	46,309	-	205,361	22.55
	2016	75,876	75,876	-	337,225	22.50
	2017	79,353	79,353	-	352,678	22.50
	2018	54,182	54,182	-	240,064	22.57
Tier 2 Public Employees DC Only System <sup>3</sup>	2014	2,308	2,308	-	41,356	5.58
	2015	14,096	14,096	-	209,757	6.72
	2016	23,903	23,903	-	357,294	6.69
	2017	36,006	36,006	-	538,211	6.69
	2018	63,003	63,003	-	941,754	6.69
Tier 2 Public Safety and Firefighter DC Only System <sup>3</sup>	2014	-	-	-	-	-
	2015	3,007	3,007	-	25,417	11.83
	2016	6,153	6,153	-	52,009	11.83
	2017	6,895	6,895	-	58,283	11.83
	2018	7,618	7,618	-	64,392	11.83

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

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

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

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

---

THIS PAGE LEFT BLANK INTENTIONALLY

# 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
<b>Assets</b>									
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>
<b>Liabilities, deferred inflows of resources and fund balances</b>									
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>
<b>Fund Balances</b>									
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>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<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
<b>Revenues</b>									
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>
<b>Expenditures</b>									
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>
<b>Other financing sources (uses)</b>									
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>
<b>Net change in fund balances</b>	<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>
<b>Fund balances - beginning</b>	<u>323,645</u>	<u>461,955</u>	<u>785,600</u>	<u>741,825</u>	<u>1,212,938</u>	<u>426,605</u>	<u>1,352,711</u>	<u>3,734,079</u>	<u>4,519,679</u>
<b>Fund balances - ending</b>	<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>		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 195,670	\$ 195,670
<b>Expenditures</b>				
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>
<b>Other financing sources (uses)</b>				
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>
<b>Net change in fund balance</b>	(9,000)	4,787,071	4,993,015	205,944
<b>Fund balance - beginning</b>	<u>2,371,332</u>	<u>2,403,929</u>	<u>2,403,932</u>	<u>3</u>
<b>Fund balance - ending</b>	<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>		
<b>Revenues</b>				
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>
<b>Expenditures</b>				
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>
<b>Net change in fund balance</b>	50,606	50,606	66,745	16,139
<b>Fund balance - beginning</b>	<u>627,961</u>	<u>643,716</u>	<u>604,721</u>	<u>( 38,995)</u>
<b>Fund balance - ending</b>	<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>		
<b>Revenues</b>				
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)
<b>Total revenues</b>	<u>16,257,707</u>	<u>41,007,546</u>	<u>12,156,787</u>	<u>(28,850,759)</u>
<b>Expenditures</b>				
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
<b>Total expenditures</b>	<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>
<b>Other financing sources (uses)</b>				
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)	-
<b>Total other financing sources (uses)</b>	<u>(1,288,297)</u>	<u>31,737,055</u>	<u>33,341,460</u>	<u>1,604,405</u>
<b>Net change in fund balance</b>	4,536,520	(12,330,777)	9,702,691	22,033,468
<b>Fund balance - beginning</b>	<u>35,280,427</u>	<u>79,638,774</u>	<u>31,249,751</u>	<u>( 48,389,023)</u>
<b>Fund balance - ending</b>	<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>		
<b>Revenues</b>				
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>
<b>Expenditures</b>				
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>
<b>Net change in fund balances</b>	<b>(35,322)</b>	<b>(35,322)</b>	<b>535,705</b>	<b>571,027</b>
<b>Fund balance - beginning</b>	<u>251,553</u>	<u>322,354</u>	<u>323,645</u>	<u>1,291</u>
<b>Fund balance - ending</b>	<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>		
<b>Revenues</b>				
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>
<b>Expenditures</b>				
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>
<b>Net change in fund balances</b>	5,000	5,000	270,030	265,030
<b>Fund balance - beginning</b>	<u>265,447</u>	<u>460,052</u>	<u>461,955</u>	<u>1,903</u>
<b>Fund balance - ending</b>	<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>		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 12,741	\$ 12,741
<b>Expenditures</b>				
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>
<b>Net change in fund balance</b>	11,310,676	(2,968,018)	287,024	3,255,042
<b>Fund balance - beginning</b>	<u>61,453</u>	<u>23,654,658</u>	<u>741,825</u>	<u>( 22,912,833)</u>
<b>Fund balance - ending</b>	<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>		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 17,021	\$ 17,021
<b>Expenditures</b>				
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>
<b>Net change in fund balance</b>	(507,490)	(677,552)	(136,164)	541,388
<b>Fund balance - beginning</b>	<u>1,106,080</u>	<u>1,354,063</u>	<u>1,212,938</u>	<u>( 141,125)</u>
<b>Fund balance - ending</b>	<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>		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 6,155	\$ 6,155
<b>Expenditures</b>				
Capital outlay-improvements other than building	-	1,430	1,430	-
Excess (deficiency) of revenues over (under) expenditures	-	(1,430)	4,725	6,155
<b>Net change in fund balance</b>	-	(1,430)	4,725	6,155
<b>Fund balance - beginning</b>	419,900	424,914	426,605	1,691
<b>Fund balance - ending</b>	<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>		
<b>Expenditures</b>				
Capital outlay - equipment	\$ 1,228,700	\$ 2,196,425	\$ 516,654	\$ 1,679,771
<b>Other financing sources</b>				
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
<b>Net change in fund balance</b>	(155,000)	(1,122,725)	638,035	1,760,760
<b>Fund balance - beginning</b>	255,855	2,325,436	1,352,711	( 972,725)
<b>Fund balance - ending</b>	<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>
<b>Assets</b>			
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>
<b>Deferred outflows of resources</b>			
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>
<b>Liabilities</b>			
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>
<b>Deferred inflows of resources</b>			
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>
<b>Total net position-unrestricted</b>	<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**

	<b>Fleet Services Fund</b>	<b>Self- Insurance Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Operating revenues-charges for services</b>	\$ 2,565,000	\$ 1,160,556	\$ 3,725,556
<b>Operating expenses</b>			
Salaries and benefits	979,286	-	979,286
Supplies, maintenance and services	719,021	790,832	1,509,853
Energy and utilities	829,582	-	829,582
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>
<b>Net position - beginning</b>	1,001,800	793,920	1,795,720
Adjustment	<u>( 160,279)</u>	<u>-</u>	<u>( 160,279)</u>
<b>Net position - beginning, as adjusted</b>	841,521	793,920	1,635,441
<b>Net position - ending</b>	<u>\$ 878,632</u>	<u>\$ 1,163,644</u>	<u>\$ 2,042,276</u>

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

	<b>Fleet Services Fund</b>	<b>Self- Insurance Fund</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
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
 <b>Balances—beginning of the year</b>	 1,024,032	 1,330,024	 2,354,056
 <b>Balances—end of the year</b>	 <u>\$ 1,148,852</u>	 <u>\$ 1,379,482</u>	 <u>\$ 2,528,334</u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>			
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)
 <b>Net cash provided by operating activities</b>	 <u>\$ 124,820</u>	 <u>\$ 49,458</u>	 <u>\$ 174,278</u>

THIS PAGE LEFT BLANK INTENTIONALLY

## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Net Position by Component	112
Changes in Net Position	113
Fund Balances of Governmental Funds	115
Changes in Fund Balances of Governmental Funds	116
<b>Revenue Capacity</b> - These schedules contain information to help the reader assess the City's most significant local revenue source, property tax, in addition to other types of tax revenues.	
General Government Tax Revenues by Source	117
Assessed Value of Taxable Property Excluding Fee-In-Lieu	118
Assessed Value of Taxable Property Including Fee-In-Lieu	119
Taxable Retail Sales by Category	120
Direct and Overlapping Property Tax Rates	121
Direct and Overlapping Sales Tax Rates	122
Principal Property Taxpayers	123
City Tax Revenue Collected by County	124
Property Tax Levies and Collections	125
<b>Debt Capacity</b> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Ratios of Outstanding Debt by Type	126
Ratios of General Bonded Debt Outstanding	127
Direct and Overlapping Governmental Activities Debt	128
Legal Debt Margin Information	129
Pledged Revenue Coverage	130
Water Fund Refunding and Revenue Bonds	131
<b>Demographic and Economic Information</b> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Demographic and Economic Statistics	132
Principal Employers	133
<b>Operating Information</b> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
Full-time Equivalent City Government Employees by Function	134
Population Statistics	135
Transient Room Capacity as a Percentage of Population	136
Historical Pledged Taxes	137
Operating Indicators by Function	138
Capital Asset Statistics by Function	139
Schedule of Insurance in Force	140
Five-Year Financial Summaries	141

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
<b>Expenses</b>										
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>
<b>Program Revenues</b>										
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>
<b>Net (expense)/revenue</b>										
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	
<b>General Revenues and Other Changes in Net Position</b>											
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	<u>26,999,916</u>	<u>27,924,409</u>	<u>30,378,531</u>	<u>31,990,775</u>	<u>32,836,029</u>	<u>36,455,289</u>	<u>37,771,656</u>	<u>40,970,638</u>	<u>37,543,324</u>	<u>48,288,182</u>	
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	<u>3,267,641</u>	<u>4,962,494</u>	<u>4,512,956</u>	<u>4,479,280</u>	<u>4,488,366</u>	<u>4,875,413</u>	<u>4,558,405</u>	<u>4,947,990</u>	<u>13,627,150</u>	<u>5,750,513</u>	
Total primary government	<u>\$ 30,267,557</u>	<u>\$ 32,886,903</u>	<u>\$ 34,891,487</u>	<u>\$ 36,470,055</u>	<u>\$ 37,324,395</u>	<u>\$ 41,330,702</u>	<u>\$ 42,330,061</u>	<u>\$ 45,918,628</u>	<u>\$ 51,170,474</u>	<u>\$ 54,038,695</u>	
<b>Change in Net Position</b>											
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)
Adjustment to business-type activities net position	-	-	-	-	-	(1,697,021)	(5)	-	-	(209,933)	(13)
Total primary government	<u>\$ 5,688,440</u>	<u>\$ 11,076,866</u>	<u>\$ 7,824,024</u>	<u>\$ 10,242,236</u>	<u>\$ 6,951,110</u>	<u>\$ 5,430,471</u>	<u>\$ 14,850,785</u>	<u>\$ 15,913,558</u>	<u>\$ 35,793,280</u>	<u>\$ 25,057,019</u>	

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
<b>Revenues</b>										
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	<u>33,164,919</u>	<u>33,990,244</u>	<u>35,033,745</u>	<u>37,222,327</u>	<u>38,239,257</u>	<u>43,790,894</u>	<u>47,679,704</u>	<u>45,497,098</u>	<u>51,430,667</u>	<u>57,510,047</u>
<b>Expenditures</b>										
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	<u>62,523,738</u>	<u>63,037,343</u>	<u>42,256,836</u>	<u>47,649,884</u>	<u>38,913,294</u>	<u>45,661,512</u>	<u>73,960,780</u>	<u>48,468,927</u>	<u>89,581,374</u>	<u>84,113,649</u>
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)
<b>Other financing sources (uses)</b>										
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	<u>26,863,936</u>	<u>12,497,196</u>	<u>2,156,261</u>	<u>4,282,428</u>	<u>1,236,586</u>	<u>10,130,938</u>	<u>30,667,732</u>	<u>2,987,008</u>	<u>32,600,132</u>	<u>43,333,847</u>
Net change in fund balances	\$ <u>(2,494,883)</u>	\$ <u>(16,549,903)</u>	\$ <u>(5,066,830)</u>	\$ <u>(6,145,129)</u>	\$ <u>562,549</u>	\$ <u>8,260,320</u>	\$ <u>4,386,656</u>	\$ <u>15,179</u>	\$ <u>(5,550,575)</u>	\$ <u>16,730,245</u>
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)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales and Use Tax</b>	<b>Franchise Tax</b>	<b>Resort Tax</b>	<b>Total</b>
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
<b>2018</b>	<b>17,107,856</b>	<b>5,915,331</b>	<b>3,147,847</b>	<b>7,332,584</b>	<b>33,503,618</b>
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
<b>2017</b>	<b>7,491,154</b>	<b>780,964</b>	<b>375,229</b>	<b>8,647,347</b>	<b>9,658,862</b>	<b>0.002059</b>

Source: Utah State Tax Commission, Property Tax Division

Note:

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

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

<u>Calendar Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Miscellaneous Property</u>	<u>Fee-In-Lieu Value</u>		<u>Total Assessed Value</u>
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
<b>2017</b>	<b>7,491,154</b>	<b>780,964</b>	<b>375,229</b>	<b>14,814</b>		<b>8,662,161</b>

Source: Utah State Tax Commission, Property Tax Division

Notes:

- (1) The State's method of calculating the Fee-In-Lieu was changed in 2011, previous years were recalculated using the 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>
<b>Total</b>	<b>\$ <u>184,265</u></b>	<b>\$ <u>158,258</u></b>	<b>\$ <u>172,638</u></b>	<b>\$ <u>185,501</u></b>	<b>\$ <u>185,100</u></b>	<b>\$ <u>166,158</u></b>	<b>\$ <u>173,983</u></b>	<b>\$ <u>192,874</u></b>	<b>\$ <u>202,168</u></b>	<b>\$ <u>212,104</u></b>
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
<b>2017</b>	<b>0.001237</b>	<b>0.000822</b>	<b>0.002059</b>	<b>0.000680</b>	<b>0.000183</b>	<b>0.000174</b>	<b>0.000742</b>	<b>0.003951</b>	<b>0.000031</b>	<b>0.007820</b>

Tax Rate (per \$1 of taxable value)

Source: Summit County property tax notices.

Note: The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

**Schedule 10**  
**Park City Municipal Corporation, Utah**  
**Direct and Overlapping Sales Tax 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
<b>2018</b>	<b>3.15</b>	<b>0.85 (4)</b>	<b>4.70</b>	<b>8.70</b>

Source: Utah State Tax Commission

Notes:

- (1) Includes 0.50 percent Additional Resort Communities Sales and Use Tax implemented in calendar year 2013.
- (2) Includes 0.25 percent Additional Mass Transit Tax implemented in calendar year 2017.
- (3) Includes 0.25 percent County Option Transportation Tax implemented in calendar year 2017.
- (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	
<b>Summit County</b>								
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	
<b>2017</b>	<b>17,140,149</b>	<b>17,267,842</b>	<b>17,167,415</b>	<b>99.42</b>	<b>-</b>	<b>17,167,415</b>	<b>99.42</b>	
<b>Wasatch County</b>								
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	
<b>2017</b>	<b>639,263</b>	<b>638,195</b>	<b>631,220</b>	<b>98.91</b>	<b>-</b>	<b>633,356</b>	<b>99.24</b>	

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
<b>2017</b>	<b>17,906,037</b>	<b>17,798,635</b>	<b>99.40</b>	<b>-</b>	<b>17,800,771</b>	<b>99.41</b>

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
<b>2018</b>	<b>42,390,000</b>	<b>-</b>	<b>48,015,000 (14)</b>	<b>-</b>	<b>-</b>	<b>34,450,000</b>	<b>124,855,000</b>	<b>3.51</b>	<b>14,903</b>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(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**

<b>Fiscal Year</b>	<b>General Bonded Debt</b>			<b>Percentage of Actual Property Value (2)</b>	<b>Per Capita (3)</b>
	<b>General Obligation Bonds (1)</b>	<b>Redevelopment Bonds</b>	<b>Total</b>		
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
<b>2018</b>	<b>42,390,000</b>	<b>-</b>	<b>42,390,000</b>	<b>0.44</b>	<b>5,060</b>

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

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

**Schedule 16**  
**Park City Municipal Corporation, Utah**  
**Direct and Overlapping Governmental Activities Debt (2)**  
**As of June 30, 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>
<b>Debt repaid with property taxes</b>			
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
<b>Other debt</b>			
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	\$ <b>345,893,884</b>
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><b>42,390,000</b></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><b>\$ 303,503,884</b></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%	<b>12.26%</b>

**Legal Debt Margin Calculation for Fiscal Year 2018**

Total assessed value	<u><b>\$ 8,647,347,105</b></u>
Debt limit - 4.0% of total assessed value	<b>\$ 345,893,884</b>
Amount of debt applicable to debt limits:	
General Obligation Bonds 2008, 2009, 2010A, 2010B, 2013A, 2013B, 2014, and 2017	<b>42,390,000</b>
Less: Amount available for repayment of general obligation bonds	<u>-</u>
Total net debt applicable to limit	<u><b>42,390,000</b></u>
Legal debt margin	<u><b>\$ 303,503,884</b></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	
<b>2018</b>	<b>13,247,915</b>	<b>3,680,000</b>	<b>1,351,082</b>	<b>2.6</b>	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. See Schedule 19 for information on water revenue bond coverage.

Schedule 19  
 Park City Municipal Corporation, Utah  
 Water Fund Refunding and Revenue Bonds  
 Schedule of Net Revenues to Aggregate Debt Service  
 As of June 30, 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	
<b>Revenues pledged to debt</b>	<u>11,555,071</u>	<b>2.72</b>
		<b>1.20</b>

	<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	Net Revenue (Loss)	Gross Revenues (Less Development Fees) Available for Debt Service	Total Debt Service	Coverage	Gross Revenue Available for 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
<b>2018</b>	<b>5,484,037</b>	<b>10,299,731</b>	<b>4,245,644</b>	<b>2.43</b>	<b>11,555,071</b>	<b>4,245,644</b>	<b>2.72</b>

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

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars) (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate (1)</b>
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
<b>2018</b>	<b>8,378</b>	<b>4,380,364</b>	<b>108,675</b>	<b>40.6</b>	<b>4,824</b>	<b>2.9</b>

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
<b>Total</b>	<b>5,557</b>	<b>3,414</b>		<b>22.59 %</b>	<b>5,894</b>	<b>2,254</b>		<b>52.16 %</b>

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

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

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**

<b>Census:</b>	<b>Calendar Year</b>	<b>Park City Population</b>	<b>Percent Change from Prior Period</b>	<b>Summit County Population</b>	<b>Percent Change from Prior Period</b>
	1950	2,254	- %	6,745	- %
	1960	1,366	(39.40)	5,673	(15.89)
	1970	1,193	(12.66)	5,879	3.63
	1980	2,823	136.63	10,198	73.46
	1990	4,430	56.93	15,518	52.17
	2000	6,500	46.73	29,736	91.62
	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
	<b>2017</b>	<b>8,378</b>	<b>0.95</b>	<b>41,106</b>	<b>1.98</b>

**Age distribution of 2016 population:**

<b>Age</b>	<b>Number</b>	<b>Percent</b>
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
	<b>8,378</b>	<b>100.00 %</b>

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	
<b>2018</b>	<b>7,333</b>	<b>8,378</b>	<b>88</b>	

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**

<u>Fiscal Year</u>	<u>Pledged Sales &amp; Use Taxes</u>	<u>% Change From Prior Year</u>	<u>Pledged Resort Tax</u>	<u>% Change From Prior Year</u>	<u>Total Pledged Taxes</u>	<u>% Change From Prior Year</u>
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
<b>2018</b>	<b>5,915,331</b>	<b>5.2</b>	<b>14,491,767</b>	<b>18.3</b>	<b>20,407,098</b>	<b>14.2</b>

Notes:

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

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

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

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

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

Sources: Various City departments.

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

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

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

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

(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 &amp; COVERAGE TYPE, POLICY #</u>	<u>LIMITS</u>	<u>EXPIRATION</u>	<u>PREMIUM</u>	<u>DEDUCTIBLE</u>
<b>LIBERTY MUTUAL</b> <b>(Property Coverage) YU2-Z51-292161-028</b>	\$ 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
<b>ST. PAUL/TRAVELERS</b> <b>(Crime Policy) 105540277</b>		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
<b>WORKERS COMPENSATION FUND</b> <b>(Workers Compensation) 1638608</b>	\$ 1,000,000	1/1/2019	\$ 182,359	\$ -
<b>STATES RISK RETENTION GROUP</b> <b>(Liability) 3000023-1</b>	\$ 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)				
<b>BEAZLEY</b> <b>(Cyber Insurance) W21274180101</b>	\$ 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)
<b>ASSETS</b>					
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	-
<b>Total assets</b>	<b>533,981,819</b>	<b>489,967,616</b>	<b>426,405,794</b>	<b>419,382,283</b>	<b>397,606,338</b>
<b>Deferred outflows of resources</b>					
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
<b>Total deferred outflows of resources</b>	<b>\$ 7,335,717</b>	<b>\$ 6,578,882</b>	<b>\$ 5,285,219</b>	<b>\$ 1,613,225</b>	<b>\$ 1,251,126</b>
<b>LIABILITIES</b>					
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
<b>Total liabilities</b>	<b>150,271,739</b>	<b>135,103,520</b>	<b>108,778,144</b>	<b>114,036,967</b>	<b>108,444,755</b>
<b>Deferred inflows of resources</b>					
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	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>26,456,013</b>	<b>21,910,213</b>	<b>19,173,384</b>	<b>19,132,614</b>	<b>17,437,568</b>
<b>NET POSITION</b>					
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	<b>364,589,784</b>	<b>339,532,765</b>	<b>303,739,485</b>	<b>287,825,927</b>	<b>272,975,142</b>
<b>Total liabilities and deferred inflows of resources and net position</b>	<b>\$ 541,317,536</b>	<b>\$ 496,546,498</b>	<b>\$ 431,691,013</b>	<b>\$ 420,995,508</b>	<b>\$ 398,857,465</b>

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**

<b>Federal Grantor Agency or Pass Through Entity</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>2018 Expenditures</b>
<b>U.S. Department of Transportation</b>			
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>
<b>Department of Homeland Security</b>			
Emergency Management Project Grant	97.042	EMPG-2018-DEM	12,500
<b>U.S. Department of Agriculture</b>			
Conservation Reserve Program	10.069	UT- 49043-189	1,044
<b>U.S. Department of Justice</b>			
Pass Through Utah Office for Victims of Crime			
Victim of Crime Act (VOCA) Grant	16.017	16-VOCA-45	34,189
Equitable Sharing Program	16.922	UT-0220500	<u>22,948</u>
		Subtotal	<u><u>57,137</u></u>
<b>Total Federal Awards</b>			<b>\$ <u><u>2,756,834</u></u></b>

**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

<b>Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States</b>	None reported
--	---------------

<b>Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a)</b>	None reported
--	---------------

**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.

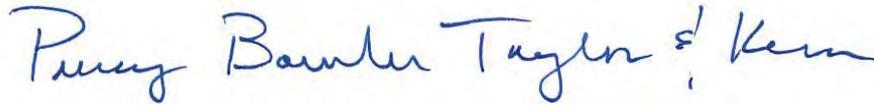
**Internal Control over Financial Reporting.** In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing 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 "Penny 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.

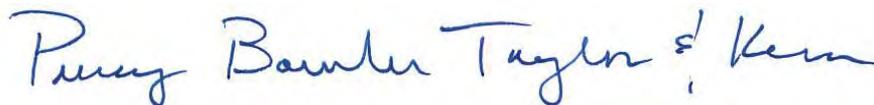
**Report on Internal Control Over Compliance.** The City's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal 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*.

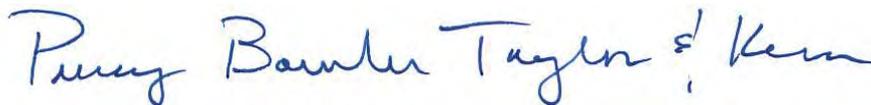
### **Report On Internal Control over Compliance**

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

**APPENDIX B**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

**[LETTERHEAD OF FARNSWORTH JOHNSON PLLC]**

[TO BE DATED CLOSING DATE]

Re: \$ \_\_\_\_\_  
Park City, Utah  
General Obligation and Refunding Bonds  
Series 2019

We have acted as bond counsel to Park City, Utah County, Utah (the “*Issuer*”) in connection with the issuance by the Issuer of its \$ \_\_\_\_\_ General Obligation and Refunding Bonds, Series 2019, dated the date hereof (the “*Bonds*”). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds are valid and legally binding upon the Issuer and all taxable property in the Issuer is subject to the levy of taxes to pay the same without limitation as to rate or amount.

2. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; *however*, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the “*Code*”), that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

3. Interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding the accuracy, adequacy, or completeness of the disclosure document, if any, relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

(This page has been intentionally left blank)

## APPENDIX C

### PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

FOR THE PURPOSE OF PROVIDING  
CONTINUING DISCLOSURE INFORMATION  
UNDER PARAGRAPH (b)(5) OF RULE 15C2-12

DATED: \_\_\_\_\_, 2019

THIS CONTINUING DISCLOSURE UNDERTAKING (the “*Agreement*”) is executed and delivered by Park City, Utah (the “*Issuer*”) in connection with the issuance of \$\_\_\_\_\_ General Obligation and Refunding Bonds, Series 2019 (the “*Bonds*”). The Bonds are being issued pursuant to Resolutions of the Issuer adopted on January 15, 2019, and January 29, 2019 (collectively, the “*Resolution*”).

In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the Issuer covenants and agrees as follows:

*Section 1. PURPOSE OF THIS AGREEMENT.* This Agreement is executed and delivered by the Issuer as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

*Section 2. DEFINITIONS.* The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“*Annual Financial Information*” means the financial information and operating data described in *Exhibit I*.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited financial statements of the Issuer prepared pursuant to the standards and as described in *Exhibit I*.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). This term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“*Reportable Event*” means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

“*Reportable Events Disclosure*” means dissemination of a notice of a Reportable Event as set forth in Section 5.

“*Rule*” means Rule 15c2–12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Utah.

“*Undertaking*” means the obligations of the Issuer pursuant to Sections 4 and 5.

*Section 3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT.* The CUSIP Numbers of the Bonds maturing in each of the following years are as follows:

FEBRUARY 1 OF THE YEAR	CUSIP NUMBER
---------------------------	-----------------

The Final Official Statement relating to the Bonds is dated \_\_\_\_\_, 2019 (the “*Final Official Statement*”). The Issuer will include the CUSIP Number in all disclosure described in Sections 4 and 5 of this Agreement.

*Section 4. ANNUAL FINANCIAL INFORMATION DISCLOSURE.* Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G–32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

*Section 5. REPORTABLE EVENTS DISCLOSURE.* Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

*Section 6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION.* The Issuer shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Issuer to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

*Section 7. AMENDMENTS; WAIVER.* Notwithstanding any other provision of this Agreement, the Issuer by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or change in the identity, nature, or status of the Issuer, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the Issuer or any other obligated person (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

*Section 8. TERMINATION OF UNDERTAKING.* The Undertaking of the Issuer shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution. The Issuer shall give notice to EMMA in a timely manner if this Section is applicable.

*Section 9. DISSEMINATION AGENT.* The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

*Section 10. ADDITIONAL INFORMATION.* Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event. If the Issuer is changed, the Issuer shall disseminate such information to EMMA.

*Section 11. BENEFICIARIES.* This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

*Section 12. RECORDKEEPING.* The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

*Section 13. ASSIGNMENT.* The Issuer shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the Issuer under this Agreement or to execute an Undertaking under the Rule.

*Section 14. GOVERNING LAW.* This Agreement shall be governed by the laws of the State.

DATED as of the day and year first above written.

PARK CITY, UTAH

By \_\_\_\_\_  
Mayor

Address: P.O. Box 1480  
Park City, Utah 84060

ATTEST AND COUNTERSIGN:

By \_\_\_\_\_  
City Recorder

## EXHIBIT I

### ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means financial information and operating data of the type contained in the Official Statement under the following captions:

#### DEBT STRUCTURE OF PARK CITY, UTAH

- (excluding Federal Funding Cuts)
- (excluding No Defaulted Obligations)

#### FINANCIAL INFORMATION REGARDING PARK CITY, UTAH

- Five-Year Financial Summaries
- Historical City Tax Rates
- Taxable and Fair Market Value of Property
- Tax Collection Record
- Some of the Largest Taxpayers in the City

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 185 days after the last day of the Issuer’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared pursuant to generally accepted accounting principles applicable to governmental units in general and Utah cities in particular. Audited Financial Statements will be submitted to EMMA within 30 days after availability to Issuer.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Issuer will disseminate a notice of such change as required by Section 4.

## EXHIBIT II

### EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer\*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. The incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material
16. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties

---

\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(This page has been intentionally left blank)

## APPENDIX D

### BOOK-ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com>.

Purchases of 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered the transaction. Transfers of ownership interests in the 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2019 Bonds, except if use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2019 Bond documents. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all the 2019 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, if a successor depository is not obtained, 2019 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2019 Bond certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.*

(The remainder of this page has been intentionally left blank.)

(This page has been intentionally left blank.)

