

**OFFICIAL NOTICE OF SALE**

**\$20,000,000**

**SALT LAKE CITY, UTAH**

**TAX AND REVENUE ANTICIPATION NOTES, SERIES 2010**

Bids will be received either (1) electronically via the PARITY® electronic bid submission system (“*PARITY®*”) or (2) by facsimile transmission at the offices of Wells Fargo Securities, the Financial Advisor (the “*Financial Advisor*”) to Salt Lake City, Utah (the “*City*”), in Salt Lake City, Utah (as described under “PROCEDURES REGARDING BIDDING” below), by the City Treasurer of the City (the “*City Treasurer*”), no later than 9:30:00 a.m., Mountain Daylight Time, on Tuesday, July 13, 2010, for the purchase, all or none, of \$20,000,000 aggregate principal amount of Tax and Revenue Anticipation Notes, Series 2010 (the “*Notes*”), to be issued by the City. The bids received will be publicly reviewed and considered by the City Council of the City (the “*City Council*”) at a regular meeting to be held on Tuesday, July 13, 2010, which is scheduled to begin at 7:00 p.m., Mountain Daylight Time, at the regular meeting place of the City Council at 451 South State Street, Room 315, in Salt Lake City, Utah.

The Notes are to be issued and sold by the City pursuant to the Local Government Bonding Act, Chapter 14, Title 11, Utah Code Annotated 1953, as amended (the “*Act*”), and a resolution to be adopted by the City Council on Tuesday, July 13, 2010 (the “*Resolution*”). Copies of the Act and a substantially final form of the Resolution will be furnished to any interested bidder upon request.

**DATED DATE; BOOK-ENTRY ONLY; INTEREST PAYMENT; MATURITY:** The Notes are to be dated as of the date of issuance and delivery\* thereof, will be issued only as fully-registered notes in book-entry only form, in denominations of \$100,000 or any whole multiple thereof, will mature on Thursday, June 30, 2011, and will bear interest payable at maturity at a rate not exceeding 3.00% per annum.

**SECURITY:** The Notes will be issued pursuant to applicable law in anticipation of the collection of taxes levied and yet to be collected for the City’s fiscal year ending June 30, 2011 (the “*Current Fiscal Year*”). The full faith and credit of the City will be pledged to levy and collect sufficient taxes and other revenues for the Current Fiscal Year, and the City will covenant to irrevocably appropriate from the first collection of such taxes and other revenues pertaining to the Current Fiscal Year an amount sufficient to pay the principal of and interest on the Notes when due and all budgeted expenses of the City for the Current Fiscal Year.

**PLACE OF PAYMENT:** The City Treasurer of Salt Lake City, 451 South State Street, Room 228, Salt Lake City, Utah, will be the paying agent and note registrar for the Notes. So long as the Notes are outstanding in book-entry only form, the principal of and interest on the Notes will be paid under the standard procedures of The Depository Trust Company (“*DTC*”).

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\* The anticipated date of delivery of the Notes is July 22, 2010.

**NO REDEMPTION:** The Notes are not subject to redemption prior to maturity.

**AWARD:** Award or rejection of bids will be made at the Tuesday, July 13, 2010 regular meeting of the City Council referred to above. The Notes will be awarded to the responsible bidder offering to pay not less than the principal amount of the Notes (\$20,000,000) and specifying a rate of interest that results in the lowest net effective interest cost to the City, as set forth in the Official Bid Form (which is attached to this Official Notice of Sale), from the date of delivery of the Notes\* to maturity, after the deduction of premium, if any. The interest cost shall be computed on the basis of a year of 360-days consisting of twelve 30-day months. If there are two or more equal bids from responsible bidders, and both bids are in accordance with the requirements of this Official Notice of Sale, then the City Council may, in its sole discretion, determine which of the equal bids shall be accepted, or, in its sole discretion, may divide the Notes so issued between or among the equal bidders.

**PROMPT AWARD:** The City will take action awarding the Notes or rejecting all bids not later than thirty-six (36) hours after the expiration of the time herein prescribed for the receipt of bids, unless such time of award is waived by the successful bidder.

**NOTIFICATION:** The Financial Advisor, on behalf of the City, will notify the apparent successful bidder (electronically if the bid was submitted via PARITY®), as soon as possible after the City's receipt of bids, that such bidder's bid appears to be the best bid received that conforms to the requirements of this Official Notice of Sale, subject to verification and to official action to be taken at the City Council's Tuesday, July 13, 2010 meeting.

The City's acceptance of the winning bid shall be made to the successful bidder within the time described under "PROMPT AWARD" above.

**PROCEDURES REGARDING BIDDING:** (a) Bids for the Notes will be received electronically via PARITY® in accordance with the following procedure:

A prospective bidder who intends to use PARITY® must communicate its bid electronically on or before 9:30:00 a.m., Mountain Daylight Time, on Tuesday, July 13, 2010. 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 Sale, the terms of this Official Notice of Sale shall control. For further information about PARITY®, potential bidders may contact the Financial Advisor at 299 South Main Street, Suite 500, Salt Lake City, Utah 84111, telephone (801) 246-1731 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.

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\* The anticipated date of delivery of the Notes is July 22, 2010.

*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 Sale. Neither the City, its Financial Advisor 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, its Financial Advisor 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 Notes; or*

(b) Bids for the Notes will be received via facsimile transmission in accordance with the following procedure:

A prospective bidder may submit its unconditional bid on the Official Bid Form by facsimile transmission to the City in care of the Financial Advisor at (801) 246-1704 at or before 9:30 a.m. Mountain Daylight Time, on Tuesday, July 13, 2010. For purposes of bids submitted by facsimile transmission, the time as maintained by the Financial Advisor shall constitute the official time. Each bid submitted by facsimile transmission must specify (a) the lowest rate of interest and the amount of premium, if any, above par at which the bidder will purchase the Notes; or (b) the lowest rate of interest at which the bidder will purchase the Notes at not less than the principal amount of the Notes (\$20,000,000). The Financial Advisor will seal facsimile transmission bids for submission to an official of the City. Neither the City nor the Financial Advisor assumes any responsibility or liability arising from the failure of any such 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.

**FORM OF BID:** Each bidder is required to either transmit electronically via PARITY®, or facsimile transmission by means of the "Salt Lake City, Utah Bid Form," attached hereto, an unconditional bid specifying (a) the lowest rate of interest and the amount of premium, if any, above par at which the bidder will purchase the Notes; or (b) the lowest rate of interest at which the bidder will purchase the Notes at not less than the principal amount of the Notes (\$20,000,000). Each bid must be for all the Notes herein offered for sale.

For information purposes only, bidders are requested to state in their bids the net effective interest rate for the Notes, 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 any other medium or on any system other than by means of PARITY® or facsimile transmission, as described above.

If requested by the Financial Advisor, the apparent successful bidder will provide written confirmation of its bid (by facsimile transmission) to the Financial Advisor prior to 11:00 a.m., Mountain Daylight Time, on Tuesday, July 13, 2010.

**RIGHT OF CANCELLATION:** The successful bidder shall have the right, at its option, to cancel its obligation to purchase the Notes if the City shall fail to execute the Notes 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 two percent (2.00%) of the par amount of the Notes, or \$400,000 (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 Financial Advisor no later than 1:00 p.m., Mountain Daylight 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 Notes 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 Notes as described under the caption "MANNER AND TIME OF DELIVERY" below, until disposed of as follows: (a) at such delivery of the Notes and upon compliance with the successful bidder's obligation to take up and pay for the Notes, the full amount of the Deposit held by the City, without adjustment for interest, shall be applied toward the purchase price of the Notes 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 Notes 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 bidding process; (b) to reject any and all bids for the Notes; and (c) to resell the Notes as provided by law.

**MANNER AND TIME OF DELIVERY:** The successful bidder will be given at least seven (7) business days' advance notice of the proposed date of the delivery of the Notes when that date has been determined. It is now estimated that the Notes will be delivered in book-entry only form on or about Thursday, July 22, 2010. The Notes will be prepared and delivered as fully-registered notes in book-entry only form, registered in the name of Cede & Co., as nominee of DTC, and in the form of a single, certificated and fully-registered Note. Delivery of the Notes 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 agree to pay for the Notes in federal funds that will be immediately available to the City in Salt Lake City, Utah, on the day of delivery. Any expense incurred in providing immediate

funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the successful bidder.

**CUSIP NUMBER:** It is anticipated that a CUSIP identification number will be printed on the Notes, but neither the failure to print such numbers on any Notes 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 Notes in accordance with terms of the contract of sale. All expenses in relation to the providing of a CUSIP number for the Notes shall be paid for by the City.

**TAX-EXEMPT STATUS:** In the opinion of Chapman and Cutler LLP, Note Counsel, subject to the City's compliance with certain covenants, under present law, interest on the Notes (a) is excludable from gross income of the owners thereof for federal income tax purposes, (b) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), and (c) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. Ownership of the Notes may result in other federal tax consequences to certain taxpayers, and Note Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Notes.

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

**LEGAL OPINION AND CLOSING CERTIFICATES:** The unqualified approving opinion of Chapman and Cutler LLP covering the legality of the Notes 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 Notes, including a statement that no litigation in the state of Utah or federal courts has been served on the City or, to the knowledge of the signer thereof, is threatened, affecting the validity of the Notes.

**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 Notes 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 Notes 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 final Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the final Official Statement shall relate to the final Official Statement as so supplemented or amended; and (c) there has been no material adverse change in the operations or financial affairs of the City since the time of such acceptance of the bid.

**LIMITED 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 Notes on or before the date of delivery of the Notes as required under paragraphs (b)(5) and (d)(3) of Rule 15c2-12 (the “*Rule*”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. As the Notes have a stated maturity of less than 18 months and are issued in denominations of \$100,000 or more, the City is exempt from the provisions of the Rule requiring the delivery of annual financial information to the Municipal Securities Rulemaking Board. However, the City is required to provide notice of certain material events to the Municipal Securities Rulemaking Board as specified in the Rule. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed in writing by the successful bidder.

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

**CERTIFICATE REGARDING ISSUE PRICE:** In order to enable the City to comply with certain conditions of the Code, the successful bidder will be required to provide a certificate as to the “issue price” of the Notes. Each bidder, by submitting its bid, agrees to complete, execute and deliver such certificate, in form and substance satisfactory to Note Counsel, by the date of delivery of the Notes, if its bid is accepted by the City. 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 enable it to make such certification.

**DELIVERY OF COPIES OF FINAL 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 Notes as described under the caption “AWARD” above, copies of the final 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 Notes, 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.

**WAIVER OF CONFLICTS:** By submitting a bid, any bidder makes the representation that it understands Note Counsel represents the City in the Note transaction and, if such bidder has retained Note 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 Note 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 Note Counsel.

**ADDITIONAL INFORMATION:** For copies of the Preliminary Official Statement, the Official Notice of Sale, the Official Bid Form and other related information with respect to the Notes, contact the Financial Advisor, Wells Fargo Securities, 299 South Main Street, Suite 500, Salt Lake City, Utah 84111, Telephone: (801) 246-1731, Fax: (801) 246-1704. The Preliminary Official Statement (including the Official Notice of Sale and Official Bid Form) is available at [www.i-dealprospectus.com](http://www.i-dealprospectus.com).

Dated this 6th day of July, 2010.

SALT LAKE CITY, UTAH

By /s/ Daniel A. Mulé  
City Treasurer

# OFFICIAL BID FORM

**\$20,000,000**  
**Salt Lake City, Utah**  
**Tax and Revenue Anticipation Notes**  
**Series 2010**

Salt Lake City Treasurer  
Salt Lake City Corporation  
c/o Wells Fargo Securities  
Public Finance  
MAC: U1228-055  
299 South Main, Suite 500  
Salt Lake City, Utah 84111

Ladies and Gentlemen:

For \$20,000,000 aggregate par value Tax and Revenue Anticipation Notes (the "Notes"), Series 2010, of Salt Lake City, Utah (the "City"), dated the date of delivery, in denominations of \$100,000 or any whole multiple thereof and maturing on June 30, 2011, in the amount shown herein, with interest payable June 30, 2011, at the rate specified herein, we will pay a purchase price of par plus a premium of \$\_\_\_\_\_.

The maturity, coupon rate, total interest to maturity, premium, if any, the net effective interest cost, and the net effective interest rate upon which this bid is based, with interest computed from July 22, 2010 (the date of delivery), to the maturity date of the Notes are as follows:

<u>Maturity Date</u>	<u>Amount</u>	<u>Coupon</u>
June 30, 2011	\$20,000,000	_____%
Total Interest to Maturity .....	\$ _____	
Less Premium (if any) .....	\$ _____	
Net Effective Interest Cost .....	\$ _____	
Net Effective Interest Rate ("NIC") .....	_____%	

This bid is submitted in accordance with and subject to all provisions contained in the OFFICIAL NOTICE OF SALE which by this reference is made a part hereof.

A good faith deposit to be retained by said City and applied to the purchase price of these Notes, is required, as described in the "OFFICIAL NOTICE OF SALE – Good Faith Deposit." If a check is used, it must accompany each bid. Such check shall be promptly returned to any bidder if its bid is not accepted. See "OFFICIAL NOTICE OF SALE – Good Faith Deposit."

We hereby request (or will so request within 24 hours) \_\_\_\_\_ (not to exceed 75) final OFFICIAL STATEMENTS to be delivered to us by July 22, 2010, that day being no later than seven (7) business days from Tuesday, July 13, 2010.

Respectfully submitted this 13<sup>th</sup> day of July 2010.

Accepted for and on behalf of Salt Lake City, Utah, this 13<sup>th</sup> day of July 2010.

\_\_\_\_\_  
Salt Lake City Treasurer

Good faith check No. \_\_\_\_\_ returned and receipt thereof acknowledged this 13<sup>th</sup> day of July 2010.



## PRELIMINARY OFFICIAL STATEMENT DATED JULY 6, 2010

NEW ISSUE—Issued in Book-Entry Only Form

RATINGS: Moody's "\_\_\_\_"  
See "NOTE RATINGS" herein.

*Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Note Counsel, under present law, interest on the Notes (a) is excludable from gross income of the owners thereof for federal income tax purposes, (b) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations and (c) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. In the opinion of Note Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the Notes is exempt from taxes imposed by the Utah Individual Income Tax Act. See "TAX EXEMPTION" herein for a more complete discussion.*

**\$20,000,000**  
**SALT LAKE CITY, UTAH**  
**TAX AND REVENUE ANTICIPATION NOTES**  
**SERIES 2010**

DATED: Date of Original Issuance and Delivery†

The \$20,000,000 Tax and Revenue Anticipation Notes, Series 2010, dated the date of original issuance and delivery thereof (the "Notes"), are issuable by Salt Lake City, Utah (the "City") as fully-registered notes and, when initially issued, will be in book-entry form only, 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 for the Notes. Purchases of Notes will be made in book-entry form only, in denominations of \$100,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC participants. "THE NOTES — Book-Entry System" herein.

Principal of and interest on the Notes are payable on June 30, 2011. The City Treasurer of the City will act as Paying Agent (the "Paying Agent") and Note Registrar (the "Note Registrar").

The Notes are not subject to optional redemption prior to maturity.

*The Notes will be issued pursuant to applicable law in anticipation of the collection of taxes levied and yet to be collected for the City's fiscal year ending June 30, 2011 (the "Current Fiscal Year"). The full faith and credit of the City will be pledged to levy and collect sufficient taxes and other revenues for the Current Fiscal Year, and the City will covenant to irrevocably appropriate from the first collection of such taxes and other revenues pertaining to the Current Fiscal Year an amount sufficient to pay the principal of and interest on the Notes when due and all budgeted expenses of the City for the Current Fiscal Year.*

Due	Principal Amount	Interest Rate	Yield	CUSIP
June 30, 2011	\$20,000,000	%	%	

The Notes will be awarded pursuant to competitive bidding to be held via the PARITY® electronic bid submission system on Tuesday, July 13, 2010, as set forth in the Official Notice of Note Sale (dated the date of this Preliminary Official Statement).

**Wells Fargo Securities will act as Financial 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 July \_\_, 2010, and the information contained herein speaks only as of that date.

† The anticipated date of delivery is Thursday, July 22, 2010.

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**\$20,000,000**  
**SALT LAKE CITY, UTAH**  
**TAX AND REVENUE ANTICIPATION NOTES**  
**SERIES 2010**

Salt Lake City  
City and County Building  
451 South State Street  
Salt Lake City, Utah 84111  
(801) 535-7946

**CITY COUNCIL**

JT Martin.....	Council Chair
Jill Remington Love.....	Council Vice Chair
Carlton J. Christensen .....	Council Member
Luke Garrott.....	Council Member
Stan Penfold .....	Council Member
Søren D. Simonsen.....	Council Member
Van Blair Turner .....	Council Member

**CITY ADMINISTRATION**

Ralph Becker.....	Mayor
David Everitt .....	Chief of Staff
Edwin P. Rutan, II.....	City Attorney
Christine Meeker.....	City Recorder
Daniel A. Mulé.....	City Treasurer

**NOTE COUNSEL**

Chapman and Cutler LLP  
201 South Main, Suite 2000  
Salt Lake City, Utah 84111  
(801) 533-0066; (801) 533-9595 (Fax)

**INDEPENDENT AUDITORS**

Hansen, Barnett & Maxwell, P.C.  
5 Triad Center, Suite 750  
Salt Lake City, Utah 84180  
(801) 532-2200; (801) 532-7944 (Fax)

**FINANCIAL ADVISOR**

Wells Fargo Securities  
MAC U1228-055  
299 South Main, 5th Floor  
Salt Lake City, Utah 84111  
(801) 246-1731; (801) 246-1704 (Fax)

**NOTE REGISTRAR AND PAYING AGENT**

Salt Lake City Treasurer  
City Treasurer's Office  
**(For hand delivery or express courier delivery)**  
451 South State Street, Room 228  
Salt Lake City, Utah 84111  
-OR-  
**(For U.S. Postal Service Delivery)**  
P.O. Box 145462  
Salt Lake City, Utah 84114-5462  
(801) 535-7946; (801) 535-6082 (Fax)

No dealer, broker, salesperson or any other person has been authorized by Salt Lake City, Utah (the “City”), or the successful bidder(s) to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by the successful bidder(s). This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of, the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the City or in any other information contained herein since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE SUCCESSFUL BIDDER(S) MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE NOTES. SUCH TRANSACTIONS MAY INCLUDE OVERALLOTMENTS IN CONNECTION WITH THE PURCHASE OF NOTES, THE PURCHASE OF NOTES TO STABILIZE THEIR MARKET PRICE, THE PURCHASE OF NOTES TO COVER THE SUCCESSFUL BIDDER’S(S’) SHORT POSITIONS AND THE IMPOSITION OF PENALTY BIDS. SUCH TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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## TABLE OF CONTENTS

	PAGE
<b>INTRODUCTION .....</b>	<b>1</b>
The Notes .....	1
The City .....	1
Security and Source of Payment .....	1
Authority and Purpose .....	1
Use of Proceeds.....	2
No Redemption .....	2
Registration, Denominations and Manner of Payment .....	2
Tax-Exempt Status .....	3
Conditions of Delivery, Anticipated Date, Manner and Place of Delivery .....	3
Limited Continuing Disclosure .....	3
Basic Documentation .....	3
Contact Persons.....	4
Public Sale/Electronic Bid .....	4
<b>THE NOTES .....</b>	<b>4</b>
General .....	4
Sources and Uses of Funds .....	5
Security and Sources of Payment .....	5
No Redemption .....	5
Registration and Transfer.....	5
Book-Entry System .....	6
Debt Service Requirements.....	8
<b>SALT LAKE CITY, UTAH .....</b>	<b>9</b>
City Officials.....	9
City Administration .....	9
Employee Workforce and Retirement System; Postemployment Benefits .....	10
<b>DEBT STRUCTURE OF SALT LAKE CITY, UTAH .....</b>	<b>11</b>
Outstanding Debt Issues .....	11
Debt Service Schedule of Outstanding General Obligation Bonds .....	12
Other Financial Considerations.....	12
Overlapping General Obligation Debt .....	13
Debt Ratios.....	13
General Obligation Legal Debt Limit and Additional Debt Incurring Capacity .....	14
No Defaulted Obligations .....	14
<b>FINANCIAL INFORMATION REGARDING SALT LAKE CITY, UTAH .....</b>	<b>14</b>
Fund Structure; Accounting Basis .....	14
Financial Controls .....	15
Budget and Appropriation Process .....	15
Insurance Coverage.....	16

Investment Policy .....	16
Property Tax Matters .....	18
Tax Levy and Collection.....	19
Public Hearing on Certain Tax Increases.....	21
Sources of General Fund Revenues .....	21
Sales and Use Taxes.....	22
Utility Franchise Taxes and Fees .....	23
Five-Year Financial Summaries .....	23
Historical City Tax Rates .....	28
Comparative Property Tax Rates Within Salt Lake County .....	28
Taxable and Fair Market Value of Property .....	29
Historical Summaries of Taxable Values of Property .....	30
Tax Collection Record .....	31
Some of the Largest Taxpayers in the City.....	31
Recent Developments .....	31
<b>TAX EXEMPTION .....</b>	<b>32</b>
Federal Income Taxation .....	32
Utah Income Taxation.....	34
<b>LITIGATION .....</b>	<b>35</b>
<b>LIMITED CONTINUING DISCLOSURE .....</b>	<b>35</b>
<b>APPROVAL OF LEGAL PROCEEDINGS.....</b>	<b>36</b>
<b>NOTE RATINGS .....</b>	<b>36</b>
<b>BOND RATINGS .....</b>	<b>36</b>
<b>FINANCIAL ADVISOR .....</b>	<b>37</b>
<b>INDEPENDENT AUDITORS .....</b>	<b>37</b>
<b>MISCELLANEOUS .....</b>	<b>37</b>
<b>APPENDIX A — SALT LAKE CITY CORPORATION FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009 .....</b>	<b>A-1</b>
<b>APPENDIX B — FORM OF CONTINUING DISCLOSURE UNDERTAKING .....</b>	<b>B-1</b>
<b>APPENDIX C — DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY .....</b>	<b>C-1</b>
<b>APPENDIX D — CASH FLOW SUMMARY .....</b>	<b>D-1</b>
<b>APPENDIX E — PROPOSED FORM OF OPINION OF NOTE COUNSEL .....</b>	<b>E-1</b>

**\$20,000,000**  
**SALT LAKE CITY, UTAH**  
**TAX AND REVENUE ANTICIPATION NOTES**  
**SERIES 2010**

**INTRODUCTION**

This introduction is only a brief description of the Notes, as hereinafter defined, the security and source of payment for the Notes and certain information regarding Salt Lake City, Utah (the “City”). The information contained herein is expressly qualified by reference to the entire Official Statement. Investors should make a full review of the entire Official Statement.

See the following appendices that are attached hereto: “APPENDIX A—SALT LAKE CITY CORPORATION FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009;” “APPENDIX B—FORM OF CONTINUING DISCLOSURE UNDERTAKING,” “APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY,” “APPENDIX D—CASH FLOW SUMMARY” and “APPENDIX E—PROPOSED FORM OF OPINION OF NOTE COUNSEL.”

**THE NOTES**

This Official Statement, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the City of its \$20,000,000 Tax and Revenue Anticipation Notes, Series 2010, dated the date of original issuance and delivery thereof (the “Notes” or “Note”), initially issued in book-entry form only.

**THE CITY**

The City is a municipal corporation and political subdivision of the State of Utah (the “State”) and is the capital of the State. The City is the most populous City in the State with an estimated 2009 population of approximately 182,000 residents. The City is governed by the City Council, which is comprised of seven members. For more information with respect to the City see “SALT LAKE CITY, UTAH” for additional information.

**SECURITY AND SOURCE OF PAYMENT**

The Notes will be issued in anticipation of the collection of taxes levied and general fund revenues to be collected for the City’s fiscal year ending June 30, 2011 (the “*Current Fiscal Year*”). See “THE NOTES—Security and Sources of Payment.”

**AUTHORITY AND PURPOSE**

The Notes are being issued pursuant to (i) the Local Government Bonding Act, Chapter 14 of Title 11 (the “*Local Government Bonding Act*”) of the Utah Code Annotated 1953, as amended (the “*Utah Code*”), (ii) Resolution No. \_\_\_ of 2010 of the City adopted on

\_\_\_\_\_, 2010 (the “*Resolution*”), which provides for the issuance of the Notes, and (iii) other applicable provisions of law.

Under Utah law, cities may issue tax and revenue anticipation notes in an amount not in excess of 90% of the estimated taxes and other revenues of the municipality for the current year, and, in the event that such notes are issued prior to the annual tax levy for the year in which such indebtedness is contracted, not in excess of 75% of the taxes and other revenues of the municipality for the preceding year.

The Notes are to be issued in anticipation of the collection of taxes and other revenues for the Current Fiscal Year, for the purpose of payment of current and necessary expenses of the City, including costs of issuing the Notes, and for other purposes for which funds of the City may be legally expended. The City does not expect to issue additional tax and revenue anticipation notes for the Current Fiscal Year.

#### USE OF PROCEEDS

The proceeds of the Notes will be used for the purpose of payment of current and necessary expenses of the City including the costs of issuing the Notes and for other purposes for which funds of the City may be legally expended. See “THE NOTES—Sources and Uses of Funds.”

#### NO REDEMPTION

The Notes are not subject to optional redemption prior to maturity. See “THE NOTES—No Redemption.”

#### REGISTRATION, DENOMINATIONS AND MANNER OF PAYMENT

The Notes are issuable only as fully-registered notes 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*”), which will act as securities depository of the Notes. Purchases of Notes will be made in book-entry form only, in the principal amount of \$100,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Notes will not be entitled to receive physical delivery of note certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Notes.

Principal of and interest on the Notes are payable on June 30, 2011. The City Treasurer of the City (the “*City Treasurer*”) will act as Paying Agent (the “*Paying Agent*”) to the registered owners of the Notes. So long as DTC is the registered owner, it will, in turn, remit such principal and interest to its participants, for subsequent disbursements to the beneficial owners of the Notes, as described in “THE NOTES—Book-Entry System.”



## TAX-EXEMPT STATUS

Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Note Counsel, under present law, interest on the Notes (a) is excludable from gross income of the owners thereof for federal income tax purposes, (b) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (c) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. In the opinion of Note Counsel, under the existing laws of the State, as presently enacted and construed, interest on the Notes is exempt from taxes imposed by the Utah Individual Income Tax Act. See “TAX EXEMPTION” for a more complete discussion.

## CONDITIONS OF DELIVERY, ANTICIPATED DATE, MANNER AND PLACE OF DELIVERY

The Notes 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 Notes by Chapman and Cutler LLP, Note Counsel, and certain other conditions. Certain legal matters will be passed on for the City by the City Attorney. It is expected that the Notes, in book-entry form only, will be available for delivery through the facilities of DTC on or about Thursday, July 22, 2010.

## LIMITED CONTINUING DISCLOSURE

As the Notes have a maturity of less than 18 months, the City is exempt from the provisions of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, requiring the delivery of annual financial information to the Municipal Securities Rulemaking Board (“MSRB”). However, pursuant to the Rule, the City will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Notes to provide notice of certain events to the MSRB pursuant to the requirements of paragraphs (b)(5) and (d)(3) of the Rule. See “LIMITED CONTINUING DISCLOSURE” herein and the proposed form of the Undertaking attached hereto as “APPENDIX B—FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

## BASIC DOCUMENTATION

The “basic documentation,” which includes the Resolution, the closing documents and other documentation authorizing the issuance of the Notes and establishing the rights and responsibilities of the City and other parties to the transaction, may be obtained from the “contact persons” listed below.

## CONTACT PERSONS

As of the date of this Official Statement, the chief contact person for the City concerning the Notes is:

Daniel A. Mulé, City Treasurer  
451 South State Street, Room 228  
P.O. Box 145462  
Salt Lake City, Utah 84114-5462  
Telephone: (801) 535-6411; Fax: (801) 535-6082  
E-Mail: daniel.mule@slcgov.com

As of the date of this Official Statement, additional requests for information may be directed to Wells Fargo Bank, N.A., Salt Lake City, Utah (the “*Financial Advisor*”):

Kelly A. Murdock, Director  
Wells Fargo Securities  
299 South Main, Suite 500  
Salt Lake City, Utah 84111  
Telephone: (801) 246-1732; Fax: (801) 246-1704  
E-Mail: kelly.a.murdock@wellsfargo.com

## PUBLIC SALE/ELECTRONIC BID

The Notes will be awarded pursuant to competitive bidding held via the PARITY® bid submission system on Tuesday, July 13, 2010, as set forth in the Official Notice of Note Sale (dated the date of this Preliminary Official Statement), to \_\_\_\_\_, of \_\_\_\_\_, \_\_\_\_\_, at a “true interest rate” of \_\_\_\_\_%.

## THE NOTES

### GENERAL

The Notes will be dated the date of original issuance and delivery thereof and will mature on June 30, 2011, as set forth on the cover page of this Official Statement.

The Notes will bear interest from their date at the rate set forth on the cover page of this Official Statement. Principal of and interest on the Notes is payable on June 30, 2011. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months. The City Treasurer is the Note Registrar for the Notes under the Resolution (the “*Note Registrar*”).

The Notes will be issued as fully-registered notes, initially in book-entry form only, in the denomination of \$100,000 or any whole multiple thereof.

## SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the issuance of the Notes are estimated to be as follows:

### SOURCES:

Par amount of Notes	\$
Original issue premium <sup>(1)</sup>	_____
TOTAL	\$_____

### USES:

Project Account	\$
Purchaser's discount	
Costs of issuance <sup>(2)</sup>	_____
TOTAL	\$_____

---

(1) Net of original issue discount.

(2) Includes Financial Advisor fees, legal fees, rating agency fee[, printing] and other miscellaneous costs of issuance.

## SECURITY AND SOURCES OF PAYMENT

The Notes will be issued pursuant to applicable law in anticipation of the collection of taxes levied and yet to be collected for the City's Current Fiscal Year. The full faith and credit of the City will be pledged to levy and collect sufficient taxes and other revenues for the Current Fiscal Year, and the City will covenant to irrevocably appropriate from the first collection of such taxes and other revenues pertaining to the Current Fiscal Year an amount sufficient to pay the principal of and interest on the Notes when due and all budgeted expenses of the City for the Current Fiscal Year.

## NO REDEMPTION

The Notes are not subject to redemption prior to maturity.

## REGISTRATION AND TRANSFER

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

surrendered for transfer, the Note Registrar will authenticate and deliver a new fully-registered Note or Notes of authorized denominations duly executed by the City, for a like aggregate principal amount.

Notes may be exchanged at the principal office of the Note Registrar for a like aggregate principal amount of fully-registered Notes.

For every such exchange or transfer of the Notes, the Note Registrar must make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer of the Notes.

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

#### BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Notes. The Notes 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 Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 3.5 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. The

DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("*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 into the transaction. Transfers of ownership interests in the Notes 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 the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 the Notes may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes 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 Note Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes 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 the Notes unless authorized by a Direct Participant in accordance with DTC's 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 Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

As long as the book-entry system is in effect, redemption proceeds, principal and interest payments on the Notes 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 Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct and Indirect Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest 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 Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, the Note certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Note 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.*

#### DEBT SERVICE REQUIREMENTS

The following table shows the debt service requirements for the Notes:

MATURITY	PRINCIPAL	INTEREST	FISCAL YEAR TOTAL
June 30, 2010	\$20,000,000	\$	\$

## SALT LAKE CITY, UTAH

### CITY OFFICIALS

The City has a Council-Mayor form of government. The City Council consists of seven members, who are elected by voters within seven geographic districts of approximately equal population. The Mayor is elected at large by the voters of the City and is charged with the executive and administrative duties of the government.

The seven-member, part-time City Council is charged with the responsibility of performing the legislative functions of the City. The City Council performs three primary functions: it passes laws for the City, adopts the City budget and provides administrative oversight by conducting management and operational audits of City departments.

Term information concerning the Mayor and the members of the City Council is set forth below:

<u>OFFICE</u>	<u>DISTRICT</u>	<u>PERSON</u>	<u>YEARS IN SERVICE</u>	<u>EXPIRATION OF CURRENT TERM</u>
Mayor		Ralph Becker	2	January 2012
Council Chair	#6	JT Martin	2	January 2012
Council Vice Chair	#5	Jill Remington Love	8	January 2014
Council Member	#1	Carlton J. Christensen	12	January 2014
Council Member	#2	Van Blair Turner	10	January 2012
Council Member	#3	Stan Penfold	-	January 2014
Council Member	#4	Luke Garrott	2	January 2012
Council Member	#7	Søren D. Simonsen	4	January 2014

### CITY ADMINISTRATION

The offices of Chief of Staff, City Attorney, City Recorder and City Treasurer are appointive offices.

*David Everitt, Chief of Staff*, was appointed to his position by Mayor Ralph Becker on January 7, 2008. He is an experienced educator and program manager, and he successfully managed Mayor Becker's 2007 mayoral race. David Everitt received his B.S. degree in Geology from the University of Washington and his Master's degree in Environment and Community from Antioch Seattle University. He co-founded an environmental consulting business ten years ago and has worked throughout the country for the last twelve years as an environmental educator and program supervisor.

*Edwin P. Rutan, II, City Attorney*, was appointed to his position in November 2002. Mr. Rutan received his J.D. degree from Harvard Law School in 1974 and his Bachelor of Arts degree from Columbia University in 1970. Mr. Rutan is admitted to the Utah and New York Bars and has nearly thirty years of wide-ranging legal experience. Prior to being appointed City

Attorney, he held a variety of positions at AT&T over eighteen years, most recently as a regional vice president for law and government affairs. Prior to that he was associated with the Debevoise & Plimpton law firm in New York City.

*Christine Meeker, City Recorder*, was appointed by Mayor Ralph Becker August 12, 2008. Ms. Meeker has been employed with Salt Lake City since November 1980. Ms. Meeker completed the Municipal Clerks Institute conducted by Continuing Education and Community Services, Weber State University, Ogden in November of 1995 received her Certified Municipal Clerk (CMC) designation and in September of 2006 she completed the Master Municipal Clerk Certificate (MMC) offered through the University of Utah.

*Daniel A. Mulé, City Treasurer*, was appointed to his position in June 1993. From April 1986 until his current appointment, Mr. Mulé was Deputy Treasurer for the City; and from April 1980 until April 1986 he served as Senior Auditor of Reporting for the City. Mr. Mulé holds an M.B.A. in Finance from the Boston College Graduate School of Management, and a B.S. degree in Business Administration from Villanova University.

#### EMPLOYEE WORKFORCE AND RETIREMENT SYSTEM; POSTEMPLOYMENT BENEFITS

*Employee Workforce and Retirement System.* The City currently employs approximately 2,650 full-time employees and approximately 490 hourly and part-time employees for a total employment of approximately 3,140 employees. The City participates in three cost-sharing multiple-employer public employee retirement systems and one multiple employer agent system which are defined benefit retirement plans covering public employees of the State and employees of participating local governmental entities. The systems are administered under the direction of the Utah State Retirement Board whose members are appointed by the Governor of Utah. See “APPENDIX A – SALT LAKE CITY CORPORATION FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009 – Notes to Financial Statements – Note 6 – Long-term obligations,” “– Note 12 – Pension Plans” and “– Note 14 – Deferred Compensation Plans.”

*Postemployment Benefits.* The Governmental Accounting Standards Board issued Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which became effective for the City for its fiscal year ending June 30, 2008. The City contracted with an actuarial firm to provide the City with its estimated postemployment benefits liability. Such actuarial firm determined that the City’s accrued actuarial liability for its postemployment benefits was \$88,848,000 at July 1, 2008. The other postemployment benefit (“OPEB”) cost and annual required contribution for the year ended June 30, 2009 were \$8,186,000 and \$8,154,000, respectively. The City currently funds its OPEB costs on a pay-as-you-go basis and during the fiscal year ended June 30, 2009 contributed \$2,491,000. For additional information regarding the City’s postemployment benefits see “APPENDIX A – SALT LAKE CITY CORPORATION FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009–Note 13–Other Postemployment Benefits.”



## DEBT STRUCTURE OF SALT LAKE CITY, UTAH

*For purposes of the information set forth under this section under the heading entitled “Outstanding Debt Issues” the Notes are considered issued and outstanding.*

### OUTSTANDING DEBT ISSUES (AS OF JULY 1, 2010)

	AMOUNT OF <u>ORIGINAL ISSUE</u>	FINAL <u>MATURITY DATE</u>	PRINCIPAL <u>OUTSTANDING</u>
General Obligation Bonds:			
Series 1999 (Library Bonds)	\$81,000,000	6/15/2019	\$ 240,000
Series 2001 Refunding (Refund Series 1991)	22,650,000	6/15/2011	2,790,000
Series 2002 Building and Refunding (Refund portion of Series 1999)	48,855,000	6/15/2019	47,120,000
Series 2004A (Hogle Zoo & Tracy Aviary)	11,300,000	6/15/2024	8,665,000
Series 2009A (Open Space)	800,000	12/15/2018	750,000
Series 2009B (The Leonardo)	10,200,000	6/15/2029	9,830,000
Series 2010A (Public Safety Facilities) <sup>(1)</sup>	25,000,000	6/15/2030	<u>25,000,000</u>
Total			\$94,395,000
Redevelopment Agency Debt <sup>(2)</sup> :			
Series 1990 Tax Increment (CAB)	\$24,268,008	3/1/2015	\$ 7,487,799
Series 2002A Tax Increment	16,190,000	3/1/2015	<u>5,835,000</u>
Total			\$13,322,799
Water and Sewer Revenue Bonds:			
Series 2004	\$30,955,000	2/1/2024	\$24,545,000
Series 2005	11,075,000	2/1/2025	8,120,000
Series 2008	14,800,000	2/1/2024	13,365,000
Series 2009 (Taxable)	6,300,000	2/1/2031	<u>6,300,000</u>
Total			\$52,330,000
Special Improvement District and Assessment Area Bonds:			
Series 2003 103009	\$ 1,217,000	12/1/2012	\$ 396,000
Series 2006 106024	472,000	2/1/2016	307,000
Series 2006 102004	294,000	6/1/2016	190,000
Series 2007 102112	316,000	12/1/2011	134,000
Series 2007 102113	76,000	12/1/2011	32,000
Series 2007 106018	376,000	6/1/2017	278,000
Series 2007 102109 & 102129	129,000	6/1/2017	95,000
Series 2008A 102119	246,000	6/1/2013	153,000
Series 2009A 102136	380,000	6/1/2013	232,000
Series 2009B 103006	1,263,000	9/1/2019	1,263,000
Series 2009C 102145 & 102146	396,000	9/1/2019	<u>396,000</u>
Total			\$3,476,000
Sales Tax Revenue Bonds:			
Series 2004 Refunding (Adjustable Rate)	\$17,300,000	6/1/2015	\$ 7,485,000
Series 2005A Refunding	47,355,000	10/1/2020	40,320,000
Series 2007A	8,590,000	10/1/2026	7,460,000
Series 2009A	36,240,000	10/1/2028	<u>35,260,000</u>
Total			\$90,525,000
Tax and Revenue Anticipation Notes:			
Series 2010	\$20,000,000	6/30/2011	\$20,000,000

- (1) The Series 2010A Bonds maturing 2011 through 2016 are tax-exempt and the Series 2010A Bonds maturing 2017 through 2030 are federally taxable—direct pay—Build America Bonds.
- (2) Although the Redevelopment Agency bonds are listed above, such bonds are issued by the Redevelopment Agency of Salt Lake City, a separate entity, and are not obligations of the City.

DEBT SERVICE SCHEDULE OF OUTSTANDING GENERAL OBLIGATION BONDS (As of July 1, 2010)

Fiscal Year Ending June 30	Total Principal	Total Interest	Total Debt Service
2011	8,795,000	\$4,766,506	\$13,561,506
2012	6,390,000	4,184,518	10,574,518
2013	6,690,000	3,869,553	10,559,553
2014	6,995,000	3,534,771	10,529,771
2015	7,330,000	3,183,142	10,513,142
2016	7,655,000	2,829,250	10,484,250
2017	8,025,000	2,443,888	10,468,888
2018	8,395,000	2,040,307	10,435,307
2019	8,755,000	1,627,822	10,382,822
2020	2,415,000	1,204,568	3,619,568
2021	2,470,000	1,102,058	3,572,058
2022	2,555,000	992,758	3,547,758
2023	2,655,000	876,412	3,531,412
2024	2,760,000	754,004	3,514,004
2025	2,015,000	624,817	2,639,817
2026	2,090,000	529,412	2,619,412
2027	2,165,000	428,673	2,593,673
2028	2,245,000	322,832	2,567,832
2029	2,325,000	210,727	2,535,727
2030	<u>1,670,000</u>	<u>92,184</u>	<u>1,762,184</u>
Total	<u>\$94,395,000</u>	<u>\$35,618,202</u>	<u>\$130,013,202</u>

OTHER FINANCIAL CONSIDERATIONS

See “APPENDIX A – SALT LAKE CITY CORPORATION FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009 – Notes to the Financial Statements – Note 6-Long-Term Obligations.”

The City has approximately \$119.9 million of authorized, but unissued, general obligation bonds. The City may issue approximately \$115.3 million of general obligation bonds during the Current Fiscal Year. The City plans to issue the remaining amount of authorized and unissued general obligation bonds over the next few years.

Within the upcoming Current Fiscal Year the City may issue up to \$32 million of its sales tax revenue bonds to fund certain infrastructure improvements.

Within the next year, the City has no plans to issue additional assessment area bonds.

## OVERLAPPING GENERAL OBLIGATION DEBT

TAXING ENTITY <sup>(1)</sup>	2008 TAXABLE VALUE <sup>(2)</sup>	CITY'S PORTION OF TAXABLE VALUE	CITY'S PERCENTAGE	ENTITY'S GENERAL OBLIGATION DEBT	CITY'S PORTION OF G.O. DEBT
CUWCD <sup>(3)</sup> .....	\$124,829,570,032	\$20,821,558,105	16.7%	\$309,750,000	\$ 51,728,250
Salt Lake City School District .....	20,820,200,615	20,820,200,615	100.0	121,055,722	121,055,722
Salt Lake County .....	83,180,314,647	20,821,558,105	25.0	281,800,000	<u>70,450,000</u>
Total Overlapping General Obligation Debt .....					<u>\$243,233,972</u>
Total Overlapping General Obligation Debt .....					\$243,233,972
Total Direct General Obligation Bonded Indebtedness .....					94,395,000
Total Direct and Overlapping General Obligation Debt .....					<u>\$337,628,972</u>

- (1) 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.
- (2) 2009 information is not available. Taxable Value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property. See "FINANCIAL INFORMATION REGARDING SALT LAKE CITY, UTAH — Property Tax Matters — *Uniform Fees*" and "FINANCIAL INFORMATION REGARDING SALT LAKE CITY, UTAH — Taxable and Fair Market Value of Property."
- (3) Central Utah Water Conservancy District ("CUWCD") encompasses all or a portion of ten State counties, including, among others, Salt Lake County. CUWCD's outstanding general obligation bonds are limited ad valorem tax bonds. By law CUWCD may levy a tax rate of up to .000400 to pay for operation and maintenance expenses and any outstanding general obligation indebtedness.
- (Source: Property Tax Division, Utah State Tax Commission (as to Taxable Value).)

## DEBT RATIOS

The following table sets forth the ratios of general obligation debt of the City and the taxing entities listed in the table above entitled "Overlapping General Obligation Debt" that is expected to be paid from taxes levied specifically for such debt (and not from other revenues) on the taxable value of property within Salt Lake City, the estimated fair market value of such property and the population of the City. The State's general obligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation debt.

	COMPARED TO 2008 TAXABLE VALUE <sup>(1)</sup>	COMPARED TO 2008 ESTIMATED FAIR MARKET VALUE <sup>(2)</sup>	COMPARED TO 2008 POPULATION ESTIMATE PER CAPITA <sup>(3)</sup>
Direct General Obligation Debt .....	0.45%	0.34%	\$ 519.52
Direct and Overlapping General Obligation Debt .....	1.62%	1.22%	\$1,858.19

- (1) Based on 2008 Taxable Value of \$20,820,200,615, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Based on an estimated 2008 Fair Market Value of \$27,627,479,804, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (3) Based on a 2008 population estimate of 181,698 persons.

See “FINANCIAL INFORMATION REGARDING SALT LAKE CITY, UTAH — Property Tax Matters — *Uniform Fees*” and “FINANCIAL INFORMATION REGARDING SALT LAKE CITY, UTAH — Taxable and Fair Market Value of Property.”

#### GENERAL OBLIGATION LEGAL DEBT LIMIT AND ADDITIONAL DEBT INCURRING CAPACITY

The general obligation indebtedness of the City is limited by State law to 8% of taxable property in the City (4% for general purposes and an additional 4% for sewer, water and electric purposes\*) as computed from the last equalized assessment rolls for State or County purposes prior to incurring the debt. The legal debt limit and additional debt incurring capacity of the City are based on the estimated fair market value for 2008 and are calculated as follows:

Estimated 2008 Fair Market Value <sup>(1)</sup> .....			<u>\$28,671,850,538</u>
LEGAL DEBT MARGIN	GENERAL PURPOSES 4%	WATER, SEWER, AND LIGHTING 4%	TOTAL 8%
General Obligation Debt Limit	\$1,146,874,022	\$1,146,874,022	\$2,293,748,044
Less: Outstanding General Obligation Bonds	<u>(94,395,000)</u>	<u>-</u>	<u>(94,395,000)</u>
Legal Debt Margin	<u>\$1,052,479,022</u>	<u>\$1,146,874,022</u>	<u>\$2,199,353,044</u>

\* 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.

(1) For debt incurring capacity only, in computing the fair market value of taxable property in the City, the fair market value of all tax equivalent property (which value *includes* the taxable value used to determine uniform fees on tangible personal property) has been included as a part of the fair market value of the taxable property in the City.

#### NO DEFAULTED OBLIGATIONS

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

### FINANCIAL INFORMATION REGARDING SALT LAKE CITY, UTAH

#### FUND STRUCTURE; ACCOUNTING BASIS

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or net assets, revenues, and expenditures or expenses. The various funds are grouped by type in the basic financial statements.

Revenues and expenditures are recognized using the modified accrual basis of accounting in all governmental funds. 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. The City uses two months as a cutoff for meeting the available criterion. Property taxes are considered “measurable” when levied and available when collected and held by Salt Lake County. Any amounts not available are recorded as deferred revenue. Franchise taxes are considered “measurable” when collected and held by the utility company, and are recognized as revenue at that time. Other revenues that are determined to be susceptible to accrual include grants-in-aid earned and other intergovernmental revenues, charges for services, interest, assessments, interfund service charges, and proceeds of the sale of property. Assessments are recorded as receivables when assessed; however, they are reported as deferred revenue until the “available” criterion has been met. Sales and use taxes collected by the state and remitted to the City within the “available” time period are recognized as revenue. Revenues collected in advance are deferred and recognized in the period to which they apply.

In proprietary funds, 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.

#### 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 also maintains computerized control by major categories within departments. These computerized controls are such that a requisition cannot be entered into the purchasing system unless the appropriated funds are available. The system checks for sufficient funds again, prior to the purchase order being issued, and again before the payment check is issued. Voucher payments are also controlled by the computer for sufficient appropriations.

#### BUDGET AND APPROPRIATION PROCESS

The budget and appropriation process of the City is governed by the Uniform Fiscal Procedures Act for Utah Cities, Title 10, Chapter 6 of the 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 and Capital Improvement Fund. 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 in May of each year, the budget officer is required to submit to the City Council tentative budgets for all funds for the 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 request 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 nonproperty tax sources available for each fund and the revenue from general property taxes required by each fund. The tentative budget is then provisionally adopted by the City

Council, with any amendments or revisions that the City Council deems advisable prior to the public hearings 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 22nd 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 in excess of the estimated expendable revenue of such fund. The adopted final budget is subject to amendment by the City Council during the fiscal year. However, in order 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 current tax year and succeeding fiscal year.

#### INSURANCE COVERAGE

The City is self-insured for general liability claims, except for liability incurred at the Salt Lake International Airport (the “*Airport*”). The Airport liability policy has a limit of \$500 million with no deductible. The Governmental Immunity Fund (an internal service fund) has been established to pay liability claims other than those of the Airport, along with certain City Attorney expenses. The City has an all-risk property insurance policy that has a limit of \$500 million with a \$100,000 deductible. The policy includes (a) \$100 million for the Salt Lake City International Airport and \$50 million in earthquake coverage for all other locations, (b) \$100 million in flood coverage for facilities that are located outside the standard report zone, and (c) boiler and machine coverage to policy limit with a \$25,000 deductible. The City Treasurer is covered under a \$10,000,000 bond with no deductible. The City also has (i) public employee dishonesty insurance (an employee blanket bond) with a \$1 million limit per occurrence and a \$50,000 deductible, (ii) a forgery or alteration policy with a \$25,000 limit and a \$500 deductible, and (iii) a theft, disappearance, and destruction policy with a limit of \$25,000 and a \$500 deductible. The City carries workers’ compensation insurance of \$40 million and a \$1.5 million self-insured retention. The City is self-insured for property loss above the limits and below the deductibles. The operating departments of the General Fund or proprietary funds assume financial responsibility for risk retained by the City for property damage. Further, the City is self-insured for employee long-term disability, unemployment, and workers’ compensation. The Risk Management Fund (an internal service fund) has been established to pay these claims along with health insurance premiums and certain administrative expenses. Unless otherwise renewed, all policies discussed above will expire on June 30, 2010.

#### INVESTMENT POLICY

*City Policy.* It is the policy of the City to invest public funds in accordance with the principles of sound treasury management and in compliance with State and local laws, regulations, and other policies governing the investment of public funds, specifically, according

to the terms and conditions of the State Money Management Act of 1974 and Rules of the State Money Management Council as currently amended (the “*Money Management Act*”), and the City’s own written investment policy. The following investment objectives, in order of priority, are met when investing public funds: safety of principal, need for liquidity, and maximum yield on investments consistent with the first two objectives.

The City may use investment advisers to conduct investment transactions on its behalf as permitted by the Money Management Act 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*”). Broker/dealers and agents who desire to become certified dealers must be certified by the Director and meet the requirements of the Money Management Act. Only qualified depositories as certified by Utah’s Commissioner of Financial Institutions are eligible to receive and hold deposits of public funds. The State 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. Transactions involving authorized deposits or investments of public funds may be conducted only through issuers of securities authorized by Section 51-7-11(3) of the Utah Code, qualified depositories included in the current State list, and certified dealers included in the current State list. The City Treasurer must take delivery of all investments purchased, including those purchased through a certified investment adviser. This may be accomplished by the City Treasurer taking physical delivery of the security or delivering the security to a bank or trust company designated by the City Treasurer for safekeeping. The City Treasurer may use a qualified depository bank for safekeeping securities or maintain an account with a money center bank for the purpose of settling investment transactions and safekeeping and collecting those investments.

City policy provides that not more than 25% of total City funds or 25% of the qualified depository’s allotment, whichever is less, can be invested in any one qualified depository. Not more than 20% of total City funds may be invested in any one certified out-of-state depository institution. However, there is no limitation placed on the amount invested with the Utah Public Treasurer’s Investment Fund (“*PTIF*”) and other money market mutual funds, provided that the overall standards of investments achieve the City’s policy objectives.

All funds pledged or otherwise dedicated to the payment of interest on and principal of bonds or notes issued by the City are invested in accordance with the terms and borrowing instruments applicable to such bonds or notes. City policy also provides that the remaining term to maturity of an investment may not exceed the period of availability of the funds invested. The investment of City funds cannot be of a speculative nature.

The City’s entire portfolio is currently in compliance with all of the provisions of the Money Management Act.

*The Utah Public Treasurers’ Investment Fund.* The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. Currently, the City has approximately \$500 million on deposit in the PTIF, representing a substantial portion of the City’s funds. All investments in the PTIF must comply with the Money Management Act and rules of the State 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, 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 State Money Management Council and is audited by the State Auditor.

The information in this section concerning the current status of the PTIF has been obtained from sources the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

See "APPENDIX A – SALT LAKE CITY CORPORATION FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009 – Notes to the Financial Statements – Note 2 – Cash, Cash Equivalents and Investments" below.

## PROPERTY TAX MATTERS

The Property Tax Act, Title 59, Chapter 2 of the Utah Code (the "*Property Tax Act*") provides that all taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of 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 Utah State Tax Commission (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. Each county assessor 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. The uniform fee for motor homes is 1.0%. The uniform fee for aerial applicators is 0.2% and the uniform fee for all other aircraft is 0.4%. Motor vehicles weighing 12,000 pounds or less are subject to an age-based fee that is due each time the vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$5 to \$150, depending on the age of the vehicle. Recreation vehicles (except motor homes), motorcycles, watercraft (except large watercraft), snowmobiles and certain small motor vehicles required to be registered with the State are subject to an aged-based fee that ranges from \$10 to \$700, depending on the age of the vehicle. The revenues collected from the various uniform fees are distributed by the county to the taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed.

*Property Tax Valuation Agency Fund.* The State Legislature authorizes a multicounty assessing and collecting levy of up to .0002 per dollar of taxable value of taxable property, to fund a Property Tax Valuation Agency Fund (the “PTVAF”). The purpose of the multicounty assessing and collecting levy is to promote the accurate valuation of property, the establishment and maintenance of uniform assessment levels within and among counties, and the efficient administration of the property tax system, including the costs of assessment, collection and distribution of property taxes. Disbursement of money from the PTVAF to each county is based on statutory qualification and requirements. Additionally, each county must levy an additional property tax of at least .0003 per dollar of taxable value as a county assessing and collecting levy in order to receive funds from the PTVAF. If necessary, a county may levy an additional tax to fund (i) state mandated actions and (ii) reappraisal programs.

## TAX LEVY AND COLLECTION

The State Tax Commission must assess all centrally-assessed property by May 1 of each year. County assessors must assess all locally-assessed property 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. 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 the purpose of 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 May 1 of the following year. Owners of centrally-assessed property, or any county with a showing of reasonable cause, may, on or before the later of June 1 or a day within 30 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. By November 1, each county treasurer furnishes to each taxpayer a notice containing 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.

Taxes are due November 30, or if November 30 falls on 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% of the amount of the taxes or \$10, whichever is greater. Unless the delinquent taxes and penalty are paid before January 16 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Markets Committee plus 6% from the January 1 following the delinquency date until paid. 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 in the second preceding paragraph, 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.” 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 in excess of the certified tax rate. A resolution levying a tax in excess of 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 collected for the prior year, exclusive of collections from interest and penalties. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of new growth. New growth is any increase in taxable value of the taxing entity from the previous calendar year to the current year less the amount of increase to locally-assessed real property taxable values resulting from factoring, reappraisal, other adjustments, or changes in the method of apportioning taxable value. 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.

On or before July 22 of the year in which such an increase is proposed, notice of the public hearing must be mailed to all property owners and, in most cases, must be advertised electronically and by publication. The notice of the hearing 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.

#### 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 audited June 30, 2009 fiscal year period:

*General property taxes* – Approximately 35% of general fund revenues are from general property taxes.

*Sales, use and excise taxes* – Approximately 25% of general fund revenues are from sales, use and excise taxes.

*Franchise taxes* – Approximately 14% of general fund revenues are from franchise taxes.

*Licenses and Permits* – Approximately 9% of general fund revenues are from licenses.

*Interfund service charges* – Approximately 5% of general fund revenues are from interfund service charges.

*Fines and forfeitures* – Approximately 3% of general fund revenues are from fines and forfeitures.

*Charges for Services* – Approximately 2% of general fund revenues are from charges for services.

*Intergovernmental* – Approximately 2% of general fund revenues are from other governmental entities.

*Parking ticket* – Approximately 2% of general fund revenues are from parking tickets.

*Interest* – Approximately 1% of general fund revenues are from interest income.

*Parking meter* – Approximately 1% of general fund revenues are from parking meters.

*Contributions* – Less than 1% of general fund revenues are from contributions.

*Miscellaneous* – Less than 1% of general fund revenues are from miscellaneous revenues.

## SALES AND USE TAXES

The Local Sales and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code (the “*Local Sales and Use Tax Act*”), provides that each county, city and town in the State may levy a local sales and use tax of up to 1.00% on the purchase price of taxable goods and services.

Sales tax is imposed on the amount paid or charged for sales of tangible personal property in the State and for services rendered in the State for the repair, renovation or installation of tangible personal property. Use tax is imposed on the amount paid or charged for the use, storage or other consumption of tangible personal property in the state, including services for the repair, renovation or installation of such tangible personal property. Sales and use taxes also apply to leases and rentals of tangible personal property if the tangible personal property is in the State, the lessee takes possession in the state or the tangible personal property is stored, used or otherwise consumed in the State.

In addition to the local sales and use tax levied by the City, the State levies a statewide sales and use tax (the “*Statewide Tax*”) that is currently imposed at a rate of 4.70% of the purchase price of taxable goods and services, excluding unprepared food and food ingredients. Sales of unprepared food and food ingredients are taxed by the State at a rate of 1.75%. The State also levies a 2.00% tax on sales of natural gas, electricity and fuel oil for residential use.

In addition to the sales and use taxes described above, counties and cities in the State are authorized to impose certain additional sales and use taxes for various purposes as authorized by State law. The maximum sales and use tax levied on taxable goods and services within the City’s boundaries by the State, County and the City is 6.85% and is comprised of certain various sales taxes mentioned in the preceding sentence, the Statewide Tax and local sales and use taxes.

Local sales and use taxes are collected by the Tax Commission and distributed on a monthly basis to each county, city and town. The distributions to the City are based on a formula, which provides that (a) 50% of each dollar of sales tax collections will be distributed on the basis of the population of the local government and (b) 50% of each dollar of sales tax collections will be distributed on the basis of the point of sale.

#### UTILITY FRANCHISE TAXES AND FEES

Under Utah law, counties and municipalities have the authority to impose a tax, license, fee, license fee, license tax or similar charge that, in the aggregate, may not exceed 6% of gross revenues of public utilities collected within the boundaries of the municipality (or, in the case of gas and electric service providers, not exceeding 6% of the “delivered value” of “taxable energy”). Utilities upon which these taxes and fees may be levied include telephone, natural gas, electric energy service companies, telecommunications companies and city public utilities. Utility franchise taxes and fees are collected by the utility and remitted on a monthly basis to the local government. Energy sales and use taxes are, in certain circumstances, remitted by the energy service provider to the State Tax Commission and then to the municipality.

The City levies a combination of utility franchise fees and privilege taxes equal in the aggregate to 6% of gross receipts of utilities doing business within its boundaries, including PacifiCorp, Questar, and Qwest and the City’s Public Utilities. The City also levies a 5% franchise tax on Comcast Financial Corporation charges.

#### FIVE-YEAR FINANCIAL SUMMARIES

The summaries contained herein were extracted from the City’s financial statements for the fiscal years ended June 30, 2005 through June 30, 2009. The summaries are unaudited. See also “APPENDIX A – SALT LAKE CITY CORPORATION FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009.”

SALT LAKE CITY CORPORATION, UTAH  
STATEMENT OF NET ASSETS — GOVERNMENTAL ACTIVITIES  
(FISCAL YEARS ENDED JUNE 30)  
Unaudited

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
ASSETS:					
Current assets:					
Cash, and cash equivalents					
Unrestricted .....	\$ 93,964,462	\$ 99,596,352	\$ 97,526,118	\$ 91,726,937	\$105,781,862
Restricted .....	45,672,231	7,072,204	2,974,147	3,391,095	7,698,066
Receivables:					
Property, franchise and excise taxes .....	81,901,632	80,636,133	77,269,602	76,883,419	73,046,038
Assessments .....	1,822,336(4)	2,626,041(3)	3,588,908(2)	1,511,457(1)	1,673,774(1)
Loans and other receivables .....	7,838,168	10,024,243(7)	10,017,681(6)	6,797,813(5)	41,809,568(5)
Due from other governments .....	1,712,059	1,166,274	1,707,670	2,850,086	3,105,222
Other, principally accrued interest .....	946,565	1,059,462	1,198,139	1,092,624	1,024,948
Prepaid Expenses .....	-	-	-	46,835	199,906
Inventories .....	658,431	942,035	591,923	515,374	424,746
Internal balances .....	<u>841,805</u>	<u>(34,090)</u>	<u>46,472</u>	<u>112,939</u>	<u>(162,133)</u>
Total current assets .....	<u>235,357,689</u>	<u>203,088,654</u>	<u>194,920,660</u>	<u>184,928,579</u>	<u>234,601,997</u>
Noncurrent assets:					
Property and equipment, at cost:					
Land and water rights .....	179,036,321	175,224,789	172,323,058	169,070,674	165,329,841
Infrastructure .....	249,800,326	239,793,367	235,492,174	230,046,330	219,948,512
Buildings .....	202,981,542	198,800,307	199,842,791	197,654,596	211,679,858
Improvements other than buildings .....	35,491,186	30,773,120	28,884,422	26,456,777	37,900,135
Machinery and equipment .....	86,752,879	85,945,995	79,639,195	77,087,913	73,910,695
Construction in progress .....	20,417,543	14,100,072	15,966,226	16,343,572	14,254,627
Accumulated depreciation .....	<u>(208,457,181)</u>	<u>(199,490,880)</u>	<u>(188,989,772)</u>	<u>(179,064,918)</u>	<u>(190,151,391)</u>
Net property and equipment .....	566,022,616	545,146,770	543,158,094	537,594,944	532,872,277
Bond issue costs .....	1,225,745(12)	876,962(11)	862,493(10)	990,541(9)	1,169,950(8)
Land and buildings held for resale .....	-	-	-	-	313,799
Total noncurrent assets .....	<u>567,248,361</u>	<u>546,023,732</u>	<u>544,020,587</u>	<u>538,585,485</u>	<u>534,356,026</u>
Total assets .....	<u>\$802,606,050</u>	<u>\$749,112,386</u>	<u>\$738,941,247</u>	<u>\$723,514,064</u>	<u>\$768,958,023</u>

- (1) Including \$275,361 of delinquent assessments.
- (2) Including \$202,939 of delinquent assessments.
- (3) Including \$140,984 of delinquent assessments.
- (4) Including \$242,722 of delinquent assessments.
- (5) Less allowance for doubtful accounts of \$4,040,726.
- (6) Less allowance for doubtful accounts of \$1,443,314.
- (7) Less allowance for doubtful accounts of \$140,984.
- (8) Less accumulated amortization of \$1,345,570.
- (9) Less accumulated amortization of \$1,424,800.
- (10) Less accumulated amortization of \$1,752,068.
- (11) Less accumulated amortization of \$1,662,231.
- (12) Less accumulated amortization of \$1,752,582.

(Source: Information is taken from the City's audited financial statements. This summary itself has not been audited.)

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SALT LAKE CITY CORPORATION, UTAH  
STATEMENT OF NET ASSETS — GOVERNMENTAL ACTIVITIES  
(FISCAL YEARS ENDED JUNE 30)  
(continued)  
Unaudited

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
LIABILITIES:					
Current liabilities:					
Accounts payable .....	\$ 8,521,469	\$ 5,419,354	\$ 5,639,370	\$ 5,710,170	\$ 6,276,279
Accrued liabilities .....	10,239,231	10,201,390	9,941,357	13,612,799	16,062,580
Current portion of long-term compensation liability .....	1,838,461	2,119,125	2,121,942	1,869,362	1,620,189
Current portion of estimated claims payable .....	3,261,403	2,125,380	2,892,081	-	-
Current portion of long-term debt: Payable from unrestricted assets .....	17,209,029	13,807,859	12,930,970	12,528,870	23,593,571
Special assessment debt with governmental commitment .....	434,000	349,000	349,000	311,000	311,000
Deferred revenue .....	67,705,511	66,089,635	64,054,850	62,554,507	60,668,551
Unearned revenue .....	218,599	218,599	218,599	-	-
Other liabilities payable from restricted assets .....	299,567	350,348	302,074	338,774	563,708
Current deposits and advance rentals .....	<u>1,120,473</u>	<u>1,706,758</u>	<u>1,612,229</u>	<u>1,381,783</u>	<u>1,211,615</u>
Total current liabilities .....	<u>110,847,743</u>	<u>102,387,448</u>	<u>100,062,472</u>	<u>98,307,265</u>	<u>110,307,493</u>
Noncurrent liabilities:					
Long-term compensation liability .....	15,705,210	20,252,938	15,991,475	14,156,047	14,523,078
Other post employment benefits .....	7,692,000	-	-	-	-
Estimated claims payable .....	4,462,322	4,662,976	4,491,766	-	-
Bonds payable .....	160,635,419	126,117,660	128,763,303	139,122,296	148,677,689
Notes payable .....	1,909,982	3,691,996	2,542,078	2,931,865	3,269,518
Notes payable from restricted assets .....	<u>430,393</u>	<u>393,133</u>	<u>1,129,228</u>	<u>1,043,569</u>	<u>126,799</u>
Total noncurrent liabilities .....	<u>190,835,326</u>	<u>155,118,703</u>	<u>152,917,850</u>	<u>157,253,777</u>	<u>166,597,084</u>
Total liabilities .....	<u>301,683,069</u>	<u>257,506,151</u>	<u>252,980,322</u>	<u>255,561,042</u>	<u>276,904,577</u>
NET ASSETS:					
Invested in capital assets, net of related debt .....	385,403,793	400,787,122	398,306,008	382,647,885	358,063,650
Restricted for:					
Capital projects .....	7,201,928	7,201,928	7,201,928	7,201,928	7,201,928
Debt service .....	23,633	2,753,670	1,370,067	528,366	554,266
Unrestricted .....	<u>108,293,627</u>	<u>80,863,515</u>	<u>79,082,921</u>	<u>77,574,843</u>	<u>126,233,602</u>
Total net assets .....	<u>500,922,981</u>	<u>491,606,235</u>	<u>485,960,924</u>	<u>467,953,022</u>	<u>492,053,446</u>
Total liabilities and net assets .	<u>\$802,606,050</u>	<u>\$749,112,386</u>	<u>\$738,941,246</u>	<u>\$723,514,064</u>	<u>\$768,958,023</u>

(Source: Information is taken from the City's audited financial statements. This summary itself has not been audited.)

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SALT LAKE CITY CORPORATION, UTAH  
BALANCE SHEET — GOVERNMENTAL FUNDS — GENERAL FUND  
(FISCAL YEARS ENDED JUNE 30)  
Unaudited

ASSETS AND OTHER DEBITS	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets:					
Cash and cash equivalents	\$ 23,135,486	\$ 27,286,652	\$ 33,584,098	\$ 29,016,359	\$ 31,163,138
Receivables:					
Property, franchise and excise taxes	81,747,405	80,072,093	76,723,523	76,586,009	72,634,279
Other, principally accrued interest	469,434	565,127	673,173	519,164	486,679
Restricted Assets:					
Cash and cash equivalents	<u>281,325</u>	<u>202,798</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Assets and Other Debits	<u>\$105,633,650</u>	<u>\$108,126,670</u>	<u>\$110,980,794</u>	<u>\$106,121,532</u>	<u>\$104,284,096</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 2,433,248	\$ 2,208,039	\$ 2,266,539	\$ 1,533,685	\$ 1,885,368
Accrued liabilities	10,358,992	10,894,783	10,960,630	7,643,370	11,283,095
Current deposits and advance rentals	1,120,473	1,706,758	1,442,229	1,381,783	1,211,615
Deferred Revenue	<u>67,462,190</u>	<u>65,179,942</u>	<u>63,751,014</u>	<u>63,983,151</u>	<u>60,745,866</u>
Total liabilities	<u>81,374,903</u>	<u>79,989,522</u>	<u>78,420,412</u>	<u>74,541,989</u>	<u>75,125,944</u>
Fund Balances:					
Reserved for encumbrances	1,931,020	4,339,784	3,587,310	2,818,341	2,526,885
Reserved for restricted assets	281,325	202,798	—	—	—
Unreserved and undesignated	<u>22,046,402</u>	<u>23,594,566</u>	<u>28,973,072</u>	<u>28,761,202</u>	<u>26,631,267</u>
Total fund balance	<u>24,258,747</u>	<u>28,137,148</u>	<u>32,560,382</u>	<u>31,579,543</u>	<u>29,158,152</u>
Total Liabilities and Fund Balance	<u>\$105,633,650</u>	<u>\$108,126,670</u>	<u>\$110,980,794</u>	<u>\$106,121,532</u>	<u>\$104,284,096</u>

(Source: The City's Comprehensive Annual Financial Report for the indicated years. The summary above has not been audited.)

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SALT LAKE CITY CORPORATION, UTAH  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE — GENERAL FUND  
(FISCAL YEARS ENDED JUNE 30)  
Unaudited

Revenues And Expenditures	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues:					
General property tax	\$ 66,237,313	\$ 67,447,285	\$ 65,789,159	\$ 63,305,389	\$ 64,472,863
Sales, use and excise taxes	47,303,903	51,367,198	49,776,316	47,112,848	42,756,404
Franchise taxes	26,318,421	28,079,172	25,959,198	23,929,112	23,194,439
Licenses	7,861,188	7,326,445	6,577,602	5,778,560	5,505,104
Permits	9,826,201	8,426,311	6,968,884	7,293,312	6,145,379
Fines and forfeitures	6,541,816	5,640,355	5,996,072	6,256,430	5,655,903
Interest	2,309,596	3,297,603	4,710,321	3,468,103	2,329,996
Intergovernmental	4,761,925	4,785,830	4,504,348	4,146,447	4,367,262
Interfund service charges	9,509,226	9,447,942	9,542,111	8,863,782	8,689,335
Parking meter collections	1,646,261	1,663,959	1,539,771	1,453,619	1,288,058
Parking tickets	3,969,193	3,102,615	2,908,621	3,135,240	3,669,078
Charges for services	4,294,227	4,034,101	4,034,270	3,471,720	3,551,387
Contributions	19,750	1,537,882 <sup>1</sup>	11,738	19,134	11,541
Miscellaneous	<u>593,688</u>	<u>534,167</u>	<u>575,758</u>	<u>599,938</u>	<u>427,768</u>
Total Revenues	<u>191,192,708</u>	<u>196,690,865</u>	<u>188,894,169</u>	<u>178,833,634</u>	<u>172,064,517</u>
Expenditures:					
City Council	1,777,148	2,174,025	1,685,830	1,519,339	1,541,482
Mayor	1,910,635	1,768,023	1,616,798	1,557,688	1,459,969
City Attorney	4,662,167	4,310,171	3,942,728	3,285,362	2,925,101
Management Services	11,819,338	11,009,323	10,338,818	9,571,631	9,252,380
Fire	33,033,125	32,586,766	30,465,825	29,154,366	27,322,150
Police	54,178,976	54,649,054	50,337,858	47,154,868	44,883,262
Community & Econ Dev.	14,012,246	12,392,791	9,154,961	7,985,677	7,567,313
Public Services	36,899,117	38,678,986	36,225,500	34,912,298	32,756,205
Nondepartmental	<u>16,479,624</u>	<u>14,832,256</u>	<u>13,553,596</u>	<u>12,725,490</u>	<u>12,291,477</u>
Total Expenditures	<u>174,772,376</u>	<u>172,401,395</u>	<u>157,321,914</u>	<u>147,866,719</u>	<u>139,999,339</u>
Revenues Over Expenditures	<u>16,420,332</u>	<u>24,289,470</u>	<u>31,572,255</u>	<u>30,966,915</u>	<u>32,065,178</u>
Other Financing Sources (Uses):					
Proceeds from sale of property	465,433	603,264	560,462	423,507	393,043
Transfers in	6,138,963	1,952,048	1,791,470	2,056,962	1,628,762
Transfers out	<u>(26,903,129)</u>	<u>(31,268,016)</u>	<u>(32,943,348)</u>	<u>(31,025,993)</u>	<u>(26,343,272)</u>
Total Other Financing Sources (Uses)	<u>(20,298,733)</u>	<u>(28,712,704)</u>	<u>(30,591,416)</u>	<u>(28,545,524)</u>	<u>(24,321,467)</u>
Net Change in Fund Balances	(3,878,401)	(4,423,234)	980,839	2,421,391	7,743,711
Fund Balance Prior Year (July 1)	<u>28,137,148</u>	<u>32,560,382</u>	<u>31,579,543</u>	<u>29,158,152</u>	<u>21,414,441</u>
Fund Balance Year End (June 30)	<u>\$24,258,747</u>	<u>\$28,137,148</u>	<u>\$32,560,382</u>	<u>\$31,579,543</u>	<u>\$29,158,152</u>

(Source: The City's Comprehensive Annual Financial Report for the indicated years. This summary has not been audited.)

<sup>1</sup> During fiscal year 2008, the State transferred responsibility of maintaining two State roads, 1300 East and North Temple, to Salt Lake City. As a result of the negotiations, the State contributed \$1,504,149 to the City to help defray the costs of maintaining these two roads for a period of time.

## HISTORICAL CITY TAX RATES

PURPOSE	TAX RATE				
	2009	2008	2007	2006	2005
General Purposes	0.003349	0.002869	0.002925	0.003390	0.003866
General Purposes Judgment	-	-	-	-	-
Interest & Sinking Fund	0.000530	0.000430	0.000458	0.000537	0.000622
Interest & Sinking Fund Judgment	-	-	-	0.000013	0.000004
Library	0.000760	0.000618	0.000657	0.000762	0.000869
Library Judgment	-	-	-	0.000018	0.000007
Judgment Recovery	<u>0.000017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Levy	0.004656	0.003917	0.004040	0.004720	0.005368

## COMPARATIVE PROPERTY TAX RATES WITHIN SALT LAKE COUNTY

Tax Levying Entity	TAX RATE				
	2009	2008	2007	2006	2005
Alta Town	0.000980	0.000930	0.000885	0.001280	0.001185
Bluffdale City	0.001247	0.001010	0.001160	0.001400	0.001131
Cottonwood Heights City	0.002399	0.002098	0.002220	0.002624	N/A
Draper City	0.001818	0.001528	0.001616	0.001274	0.001469
Herriman City	0.000371	0.000296	0.000302	0.001882	0.002117
Holladay (City of)	0.001533	0.001312	0.001436	0.001659	0.001983
Midvale City	0.002262	0.001938	0.001757	0.002118	0.002443
Murray City	0.002022	0.001767	0.001886	0.002203	0.001941
Riverton City	0.000816	0.000691	0.000237	0.000300	0.001415
<b>Salt Lake City</b>	<b>0.004656</b>	<b>0.003917</b>	<b>0.004040</b>	<b>0.004720</b>	<b>0.005368</b>
Sandy City	0.001356	0.001175	0.001252	0.001514	0.001757
South Jordan City	0.002028	0.001699	0.001708	0.001874	0.002211
South Salt Lake City	0.002665	0.002352	0.002465	0.002857	0.001396
Taylorsville (City of)	0.001690	0.001514	0.001554	0.001858	0.001801
West Jordan City	0.002080	0.001810	0.001856	0.002259	0.002572
West Valley City	0.003604	0.003171	0.003194	0.003700	0.002527

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

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# TAXABLE AND FAIR MARKET VALUE OF PROPERTY

## SALT LAKE CITY, UTAH

### Excluding Fee-In-Lieu/Age Based Valuation

YEAR	TAXABLE VALUE <sup>(1)</sup>	% CHANGE OVER PRIOR YEAR	FAIR MARKET VALUE <sup>(2)</sup>	% CHANGE OVER PRIOR YEAR
2008	\$20,821,558,105	6.1%	\$27,627,479,804	5.6%
2007	19,624,987,661	17.1	26,160,479,197	17.8
2006	16,761,962,145	13.1	22,199,190,140	13.9
2005	14,824,077,709	3.2	19,486,749,590	4.3
2004	14,371,244,526	2.2	18,691,375,277	-

### Including Fee-In-Lieu/Age Based Valuation

YEAR	TAXABLE VALUE <sup>(1)</sup>	% CHANGE OVER PRIOR YEAR	FAIR MARKET VALUE <sup>(2)</sup>	% CHANGE OVER PRIOR YEAR
2008	\$21,865,658,839	5.7%	\$28,671,850,538	5.3%
2007	20,682,992,160	17.3	27,218,483,696	18.0
2006	17,627,966,896	12.7	23,065,194,891	13.6
2005	15,641,012,507	(2.5)	20,303,684,388	(0.3)
2004	16,035,364,425	7.4	20,355,495,176	-

(1) Sources: Property Tax Division, Utah State Tax Commission.

(2) Estimated fair market value has been calculated by dividing the taxable value of primary residential property by .55, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act. See "FINANCIAL INFORMATION REGARDING SALT LAKE CITY, UTAH — Property Tax Matters."

See "FINANCIAL INFORMATION REGARDING SALT LAKE CITY, UTAH — Historical Summaries of Taxable Values of Property."

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# HISTORICAL SUMMARIES OF TAXABLE VALUES OF PROPERTY

## SALT LAKE CITY, UTAH HISTORICAL SUMMARIES OF TAXABLE VALUES OF PROPERTY TAX YEARS 2004 THROUGH 2008\*

	2008		2007	2006	2005	2004
	TAXABLE VALUE	% OF T.V.	TAXABLE VALUE	TAXABLE VALUE	TAXABLE VALUE	TAXABLE VALUE
<i>Set by State Tax Commission— Centrally Assessed</i>						
Total centrally assessed.....	\$ <u>2,076,836,331</u>	<u>9.5%</u>	\$ <u>2,063,831,387</u>	\$ <u>2,050,073,870</u>	\$ <u>1,888,464,689</u>	\$ <u>2,060,112,828</u>
<i>Set by County Assessor—Locally Assessed</i>						
Real property:						
Primary residential .....	8,314,285,404	38.0	7,983,784,728	6,641,745,437	5,694,675,204	5,275,500,947
Secondary residential .....	197,308,550	0.9	169,266,860	157,620,810	120,922,960	99,756,690
Commercial and industrial .....	8,489,152,490	38.8	7,784,440,890	6,487,575,310	5,543,060,010	5,487,885,450
FAA .....	0	0.0	0	1,194,950	431,240	408,210
Unimproved Non-FAA-Vacant .....	7,396,660	0.0	3,375,040	0	0	0
Agricultural .....	<u>83,650</u>	<u>0.0</u>	<u>94,860</u>	<u>57,330</u>	<u>54,220</u>	<u>46,590</u>
Total real property .....	<u>17,008,226,754</u>	<u>77.8</u>	<u>15,940,962,378</u>	<u>13,288,193,837</u>	<u>11,359,143,634</u>	<u>10,863,597,887</u>
Personal property:						
Primary mobile homes.....	4,063,339	0.0	4,038,261	3,755,446	4,145,984	4,658,860
Secondary mobile homes.....	3,268,840	0.0	1,968,478	1,874,153	2,204,036	2,749,493
Other business personal property ....	<u>1,729,162,841</u>	<u>7.9</u>	<u>1,614,187,157</u>	<u>1,418,064,839</u>	<u>1,570,119,366</u>	<u>1,440,125,458</u>
Total personal property .....	<u>1,736,495,020</u>	<u>7.9</u>	<u>1,620,193,896</u>	<u>1,423,694,438</u>	<u>1,576,469,386</u>	<u>1,447,533,811</u>
Fee in lieu/age based property (1).....	<u>1,044,100,734</u>	<u>4.8</u>	<u>1,058,004,499</u>	<u>866,004,751</u>	<u>816,934,798</u>	<u>1,664,119,899</u>
Total locally assessed.....	<u>19,788,822,508</u>	<u>90.5</u>	<u>18,619,160,773</u>	<u>15,577,893,026</u>	<u>13,752,547,818</u>	<u>13,975,251,597</u>
Total taxable value .....	<u>\$21,865,658,839</u>	<u>100.0%</u>	<u>\$20,682,992,160</u>	<u>\$17,627,966,896</u>	<u>\$15,641,012,507</u>	<u>\$16,035,364,425</u>
Total taxable value (less fee in lieu/age based property) .....	<u>\$20,821,558,105</u>		<u>\$19,624,987,661</u>	<u>\$16,761,962,145</u>	<u>\$14,824,077,709</u>	<u>\$14,371,244,526</u>

\* 2009 information is not available.

(1) See "FINANCIAL INFORMATION REGARDING SALT LAKE CITY, UTAH — Property Tax Matters."

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

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## TAX COLLECTION RECORD

### CITY TAX REVENUE COLLECTED

FISCAL YEAR ENDED JUNE 30	TOTAL TAX LEVY FOR FISCAL YEAR (\$000)	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY <sup>(1)</sup>		COLLECTION IN SUBSEQUENT YEARS (\$000)	TOTAL COLLECTIONS TO DATE	
		AMOUNT (\$000)	PERCENTAGE OF LEVY		AMOUNT (\$000)	PERCENTAGE OF LEVY
2009	\$66,355	\$65,221	98.3%	\$ - <sup>(2)</sup>	\$65,221	98.3%
2008	64,971	64,138	98.7	416	64,554	99.4
2007	64,647	63,880	98.8	586	64,466	99.7
2006	64,017	62,019	96.9	1,925	63,944	99.9
2005	63,401	62,516	98.6	555	63,071	99.5

(1) Payments are not considered delinquent until after November 30.

(2) Information is not yet available from the County.

### SOME OF THE LARGEST TAXPAYERS IN THE CITY

TAXPAYER	TYPE OF BUSINESS	2008 TAXABLE VALUE(1)	% OF THE CITY'S 2008 TAXABLE VALUE
PacifiCorp	Electric Utility	\$ 331,490,986	1.8%
LDS Church (Deseret Title, Etc.)	Religious	232,377,919	1.2
Sky West Airlines	Air Transportation	216,852,107	1.2
Qwest Corporation	Communications	166,439,079	0.9
Delta Airlines	Air Transportation	165,759,010	0.9
Wasatch Plaza Holding	Real Estate Holding	156,971,900	0.8
Inland Western Salt City Gateway	Retail	143,516,300	0.8
Boyer Properties	Real Estate Holding	123,627,300	0.7
Southwest Airlines	Air Transportation	98,856,510	0.5
Grand America Hotel Company	Hospitality	<u>94,387,200</u>	<u>0.5</u>
	TOTAL:	<u>\$1,730,278,311</u>	<u>9.3%*</u>

\* Total may not add due to rounding.

(1) Taxable Value used in this table excludes all tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. See "FINANCIAL INFORMATION REGARDING SALT LAKE CITY, UTAH — Taxable and Fair Market Value of Property."

(Source: Salt Lake City Corporation Comprehensive Annual Financial Report for the year ended June 30, 2009.)

### RECENT DEVELOPMENTS

In setting its budget for the fiscal year ending June 30, 2010 ("FY2010"), the City recognized that revenues would decline from the previous fiscal year. In order to address the anticipated decline in revenues and start the current fiscal year with a balanced budget the City instituted a 1.5% employee pay suspension; eliminated vacant General Fund positions; reduced the amount contributed by the General Fund to the Capital Improvement Program equal to approximately 7% of General Fund revenues; passed on all insurance premium increases to employees; and instituted other measures, all with virtually little or no impact to residents and the services the City provides to them. Since adopting its budget for FY2010, the City has seen

an additional decrease in revenues of approximately \$6 million. The decrease in revenues is due in large part to decreased sales tax revenues and decreased interest earnings due to lower interest rates. The City is statutorily required to have a balanced budget. To close this mid-year shortfall and balance the current fiscal year budget, the City reduced expenses mid-year and transferred some savings from its capital improvement program projects to the General Fund. The City continues to monitor incoming revenues and will take such additional action as is necessary in order to end the current fiscal year with a balanced budget.

The City continues to be adversely impacted by the effects of the lingering recession. Based on current projections that reflect lower than anticipated sales tax revenues, permit fees and interest income, the City has just completed the budget process for the coming fiscal year, which begins July 1, 2010, attempting to close a potential gap between anticipated revenues and expenditures of up to \$19 million or approximately 9% of the overall budget. In early May, the Mayor submitted a proposed balanced budget to the City Council, which eliminated 67 positions, including approximately 25 layoffs, restored the 1.5% amount of employee pay that had previously been suspended in FY2010, and required employees to increase their overall contribution to their health insurance premium by 5%. Other significant health insurance benefits changes were also made. The proposed budget also included approximately \$5 million from additional revenue sources. The City Council, subject to a public hearing, has tentatively adopted a slightly modified version of the Mayor's budget for the Current Fiscal Year, but has not substantially altered any of the key components outlined above. See "FINANCIAL INFORMATION REGARDING SALT LAKE CITY, UTAH-Property Tax Matters" and "--Public Hearing on Certain Tax Increases" above.

## **TAX EXEMPTION**

### **FEDERAL INCOME TAXATION**

Federal tax law contains a number of requirements and restrictions which apply to the Notes, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of note proceeds and any facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Notes to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Notes to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Note Counsel, interest on the Notes is (a) excludable from the gross income of the owners thereof for federal income tax purposes, (b) not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations and (c) not taken into account in computing "adjusted current earnings" as described below.

In rendering its opinion, Note Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge. Note Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "*Code*"), includes provisions for an alternative minimum tax ("*AMT*") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("*AMTI*"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include all tax-exempt interest, but not interest on the Notes.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Notes should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "*Issue Price*") for the Notes is the price at which a substantial amount of the Notes is first sold to the public. The Issue Price of the Notes may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of the Notes who dispose of Notes prior to the stated maturity (whether by sale, redemption or otherwise), purchase Notes in the initial public offering, but at a price different from the Issue Price or purchase Notes subsequent to the initial public offering should consult their own tax advisors.

If a Note is purchased at any time for a price that is less than the Note's stated redemption price at maturity, the purchaser will be treated as having purchased a Note with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Note is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Note. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Notes.

An investor may purchase a Note at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "note premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Note in a manner that takes into account potential call dates and call prices. An investor cannot deduct

amortized note premium relating to a tax-exempt note. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As note premium is amortized, it reduces the investor's basis in the Note. Investors who purchase a Note at a premium should consult their own tax advisors regarding the amortization of note premium and its effect on the Note's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Note.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to notes issued prior to enactment. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Note Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "*Service*") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Notes. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Noteholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Notes, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Note owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Note owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

The Notes are treated as issued in 2010 or 2011 for purposes of Section 265(b)(7) of the Code relating to interest expense deductibility for financial institutions. The treatment of interest expense for financial institutions owning the Notes may be more favorable than the treatment provided to owners of notes issued before January 1, 2010, but may be less favorable than treatment provided to owners of bank qualified bonds. Financial institutions should consult their tax advisors concerning such treatment.

#### UTAH INCOME TAXATION

In the opinion of Note Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the Notes is exempt from taxes imposed by the Utah Individual Income Tax Act. Note Counsel expresses no opinion with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the Notes may result in



other state and local tax consequences to certain taxpayers. Note Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Notes. Prospective purchasers of the Notes should consult their tax advisors regarding the applicability of any such state and local taxes.

## **LITIGATION**

The City Attorney reports the following matters involving potential financial liability of the City:

Lawsuits are periodically filed against the City and/or its employees, involving tort and civil rights matters. The City has a statutory obligation to defend and indemnify its officers and employees in relation to lawsuits arising from acts or failures to act of the officers or employees while in the scope and course of employment.

For tort claims, the City maintains a governmental immunity fund. In the event the fund is not sufficient to pay any outstanding judgment or judgments, the City has the ability under State law to levy a limited ad valorem tax to pay such judgments. This tax levy is separate and apart from the other taxing powers of the City.

The City also has contract claims, condemnation proceedings and environmental matters, none of which is expected to materially adversely affect the City's financial condition.

A non-litigation certificate or opinion executed by the City Attorney, dated the date of closing, will be provided stating, among other things, that to the best of his knowledge, after due inquiry, no litigation in the State or federal court has been served on the City or is, to the best of his knowledge, threatened, challenging the creation, organization or existence of the City, or the titles of its officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Notes, or for the purpose of restraining or enjoining the levy and collection of taxes or assessments by the City, or directly or indirectly contesting or affecting the proceedings or the authority by which the Notes are issued, the legality of the purpose for which the Notes are issued, or the validity of the Notes, or the issuance thereof.

## **LIMITED CONTINUING DISCLOSURE**

As the Notes have a maturity less than 18 months, the City is exempt from the provisions of the Rule. However, pursuant to the Rule the City will enter into the Undertaking, in substantially the form attached hereto as APPENDIX B, for the benefit of the beneficial owners of the Notes to send certain information annually and to provide notice of certain events to the MSRB pursuant to the requirements of Section (b)(5) of the Rule.

A failure by the City to comply with the Undertaking will not constitute a default under the Resolution and beneficial owners of the Notes are limited to the remedies described in the Undertaking. A failure by the City to comply with the 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 Notes in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price. See “FORM OF CONTINUING DISCLOSURE UNDERTAKING” attached hereto as APPENDIX B for the information to be provided, the events which will be noticed on an occurrence basis and the other terms of the Undertaking, including termination, amendment and remedies.

The City is in compliance with each continuing disclosure undertaking entered into pursuant to the Rule.

#### **APPROVAL OF LEGAL PROCEEDINGS**

The authorization and issuance of the Notes are subject to the approval of Chapman and Cutler LLP, Note Counsel to the City. Certain legal matters will be passed upon for the City by the City Attorney and by Chapman and Cutler LLP, as the City’s disclosure counsel. The approving opinion of Note Counsel will be delivered with the Notes in substantially the form set forth in APPENDIX C of this Official Statement and will be made available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons.”

The various legal opinions to be delivered concurrently with the delivery of the Notes 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.

#### **NOTE RATINGS**

The City’s \$20,000,000 Tax and Revenue Anticipation Notes, Series 2010 are rated “\_\_\_\_\_” by Moody’s Investors Service, Inc. (“*Moody’s*”). The City’s \$19,000,000 Tax and Revenue Anticipation Notes, Series 2009 were rated “MIG1” by Moody’s. The Series 2009 Notes matured on June 30, 2010.

#### **BOND RATINGS**

As of the date of this Official Statement, the City’s outstanding general obligation bonds are rated “AAA” and “Aaa” by Fitch, Inc., and by Moody’s Investors Service, Inc., respectively.

Any explanation of the significance of the ratings may only be obtained from the rating service furnishing the same. There is no assurance that the ratings given will be maintained for any period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of such outstanding obligations.

## **FINANCIAL ADVISOR**

The City has entered into an agreement with Wells Fargo Securities (the “*Financial Advisor*”), whereunder the Financial Advisor provides financial recommendations and guidance to the City with respect to preparation for sale of the Notes, timing of the sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Notes. The Financial Advisor has read, participated in the preparation of and provided information in certain provisions of the Official Statement, but 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 Financial 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.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

## **INDEPENDENT AUDITORS**

The basic financial statements of Salt Lake City Corporation as of and for the year ended June 30, 2009, included in APPENDIX A to this Official Statement, have been audited by Hansen, Barnett & Maxwell, P.C., independent auditors, as stated in their report appearing herein.

## **MISCELLANEOUS**

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 the 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 or not 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 form deemed final for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission.

SALT LAKE CITY, UTAH

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

**APPENDIX A**

**SALT LAKE CITY CORPORATION FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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# HANSEN, BARNETT & MAXWELL, P.C.

A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

5 Triad Center, Suite 750  
Salt Lake City, UT 84180-1128  
Phone: (801) 532-2200  
Fax: (801) 532-7944  
www.hbmcpas.com

Registered with the Public Company  
Accounting Oversight Board



## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council  
Salt Lake City Corporation

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Salt Lake City Corporation (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and Required Supplementary Information listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. This information is the responsibility of management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Hansen, Barnett & Maxwell, P.C.*  
HANSEN, BARNETT & MAXWELL P.C.

Salt Lake City, Utah  
December 22, 2009

SALT LAKE CITY CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

Salt Lake City Corporation's management presents to the readers of its financial statements this narrative information. It contains an overview and analysis of the financial position and results of operations as of and for the twelve months ended June 30, 2009. As management of the City, we encourage readers to consider information contained in this discussion along with the transmittal letter on pages v-x.

## **FINANCIAL HIGHLIGHTS**

The assets of Salt Lake City (the City) exceeded its liabilities at the end of the current fiscal year by \$2,116,861,947 (net assets). Of this amount, \$478,921,650 (unrestricted net assets) is available to meet ongoing obligations to citizens and creditors.

Net assets increased by \$65,937,050. This included an increase in net assets of \$9,316,746 in the Governmental activities and an increase of \$56,620,304 in the business-type activities. During 2009 assets were transferred from governmental activities to business-type activities. The most substantial portion of these transfers was from the Grants fund to the Housing Fund.

The City's Governmental funds reported combined ending fund balance of \$119,237,222, an increase of \$28,719,712 compared to the prior years' ending amount. Of the combined total fund balance, \$43,997,495 is available for spending at the discretion of the City (unreserved and undesignated fund balance).

The unreserved and undesignated fund balance of the General Fund at June 30, 2009 totaled \$22,046,402, is 11 percent of the General Fund total revenues for the year and 50 percent of governmental unreserved and undesignated fund balance. The General Fund, also has approximately \$1,900,000 of fund balance reserved for encumbrances that will be expended in the following fiscal year.

During the year, total bonded debt for Salt Lake City increased by approximately \$27,300,000. The City issued General Obligation Debt of \$11,081,804 to purchase Open Space and to retrofit the building for the Leonardo Center. The City issued new Special Assessment Bonds of \$380,000. These funds were used for sidewalk and road replacement and repairs. The City issued \$38,165,211 in Sales Tax Bonds. The funds were used for the construction of the Fleet facility building and the purchase of buildings for other city uses.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to Salt Lake City's basic financial statements: (1) Government-wide financial statements, (2) Fund financial statements and (3) Notes to the financial statements. This report also contains information in addition to the basic financial statements that will help the reader to gain a more in-depth understanding of the City.

**Government-wide financial statements** give readers a broad overview of the entire City's financial position and changes in financial position, similar to consolidated financial statements in a private sector business. These statements consist of the Statement of Net Assets and the Statement of Activities.

**The Statement of Net Assets** shows Salt Lake City's entire assets and liabilities with the difference shown as net assets. Increases or decreases over time in net assets gives an indicator as to whether the financial condition of Salt Lake City is improving or declining.

**The Statement of Activities** shows the changes to net assets that occurred during the most recent fiscal year. These changes are recorded on an accrual basis when the underlying event that causes the change occurs, regardless of when the cash transaction takes place. One example is the next debt interest payment when the fiscal year ends in between interest payments. The Statement of Activities shows an additional interest expense for the time period between the last interest payment and the end of the fiscal year.

Both of the government-wide financial statements distinguish between activities that are largely supported by taxes and intergovernmental revenues (governmental activities) and those whose operations are entirely or largely financed by user charges and fees (business type-activities). The governmental activities for Salt Lake City include general governmental; (Council, Mayor, Attorney, Management Services and Non-departmental); public safety



SALT LAKE CITY CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

(Police and Fire), streets and recreation (Public Services); and other development (Community and Economic Development). The business-type activities include water, sewer, storm-water, airport, housing, intermodal hub, refuse collection, golf and redevelopment.

The government-wide financial statements include not only Salt Lake City itself (the primary government), but also those of the legally separate Salt Lake City Library. This entity (a component unit) is financially accountable to the City and is presented separately from the primary government itself. Two other entities, the Redevelopment Agency of Salt Lake City and the Municipal Building Authority are also legally separate from the City, but for all practical purposes function as a part of the City and are therefore blended as an integral part of the primary government.

The government-wide financial statements are found immediately following this discussion and analysis.

## **FUND FINANCIAL STATEMENTS**

A fund is a set of closely related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. Salt Lake City, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the City's funds can be categorized into one of three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds** account for essentially the same activities as the governmental activities in the government-wide financial statements, but with a narrower focus. Governmental funds concentrate on near-term inflows and outflows of financial resources and the balances of spendable resources available to the government at the end of the fiscal year. This information can be useful in evaluating the government's short term financing requirements.

Comparing similar information presented in the government-wide statements for the governmental activities with that presented in governmental funds statements can provide useful information because of the different focus of the two approaches. With the long-term focus of the government-wide statements, a reader may be able to better understand the long-term effects of the near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance show reconciliation between the governmental funds statements to the governmental activities in the government-wide statements to aid in the comparison.

Salt Lake City uses ten different individual governmental funds. Of this number, information is shown separately for the General and Capital Projects Funds, both of which are deemed major funds. Information from the other eight funds is presented in a single combined column. Individual presentations for these non-major funds are contained in combining information shown after the notes to the financial statements as listed in the table of contents. The City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Within the Proprietary funds are two types that Salt Lake City utilizes; enterprise and internal service funds. Enterprise funds report the same functions as the business-type activities in the government-wide financial statements. The Enterprise funds maintained by Salt Lake City are: the water, sewer and storm-water utilities; the transportation Intermodal Hub; the Salt Lake City International Airport; housing loans, refuse collection; golf and redevelopment activities. Internal service funds are used as an accounting device to accumulate and allocate costs among the City's various governmental and enterprise activities. Salt Lake City uses internal service funds to account for its vehicle fleet, information technology, risk management and employee benefits, tort liability and central printing activities. Because all of these activities support primarily governmental rather than business-type activities, they have been included within the governmental activities column of the government-wide financial statements.

Proprietary funds present the same information as in the government-wide statements, except in more detail. The fund statements for proprietary funds provide separate information for the Department of Airports, Water Utility, Sewer Utility, Housing Loans and Redevelopment Agency, all of which are considered to be major funds of Salt Lake City. Individual presentations for the remaining enterprise funds are contained in the combining information elsewhere in this report. All internal service funds are shown in one single column in the proprietary fund financial

SALT LAKE CITY CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

statements. Individual fund information can be found in the combining information elsewhere in this report. The City also adopts annual appropriated budgets for all of its proprietary funds. As with the governmental funds, budgetary comparison statements are included to show compliance with these budgets.

The basic proprietary fund financial statements can be found as listed in the table of contents.

Fiduciary funds are used to account for resources held by the City for the benefit of entities outside of the government. Since these resources cannot be used to support the operations of Salt Lake City, they are not shown in the government-wide financial statements. The accounting for fiduciary funds is similar to that of proprietary funds.

The fiduciary fund financial statements can be found as listed in the table of contents.

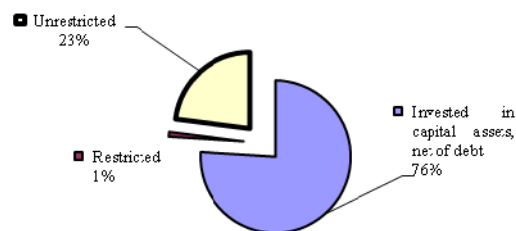
**Notes to the financial statements** contain additional information important to a complete understanding of the information contained in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

SALT LAKE CITY CORPORATION'S NET ASSETS (thousands)						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 236,584	\$ 203,966	\$ 516,682	\$ 488,703	\$ 753,266	\$ 692,669
Capital assets	566,023	545,147	1,269,792	1,251,337	1,835,815	1,796,484
Total assets	<u>\$ 802,607</u>	<u>\$ 749,113</u>	<u>\$ 1,786,474</u>	<u>\$ 1,740,040</u>	<u>\$ 2,589,081</u>	<u>\$ 2,489,153</u>
Current and other liabilities	\$ 110,848	\$ 102,387	\$ 38,966	\$ 38,532	\$ 149,814	\$ 140,919
Long term liabilities	190,835	155,119	131,568	142,189	322,403	297,308
Total liabilities	<u>\$ 301,683</u>	<u>\$ 257,506</u>	<u>\$ 170,534</u>	<u>\$ 180,721</u>	<u>\$ 472,217</u>	<u>\$ 438,227</u>
Net assets:						
Invested in capital assets,						
net of related debt	\$ 385,404	\$ 400,787	\$ 1,218,964	\$ 1,198,299	\$ 1,604,368	\$ 1,599,086
Restricted	7,226	9,956	26,347	26,357	33,573	36,313
Unrestricted	108,294	80,864	370,628	334,663	478,922	415,527
Total net assets	<u>\$ 500,924</u>	<u>\$ 491,607</u>	<u>\$ 1,615,939</u>	<u>\$ 1,559,319</u>	<u>\$ 2,116,863</u>	<u>\$ 2,050,926</u>

By far the largest component of Salt Lake City's net assets is its investment in capital assets. The 76 percent of total net assets represents the City's investment in land and land improvements, buildings, machinery and equipment, roads, streetlights, signals and bridges, less any related outstanding debt that was used to acquire these assets. Salt Lake City uses these capital assets to provide services to citizens who live, work, pass through or benefit in other ways from the City. By their nature, these assets are not available for future spending. Further, even though these capital assets are reported net of any related debt, resources needed to repay the debt must come from other sources, as the assets themselves cannot be used to satisfy the related obligations.

**Net Assets percentage - Current Fiscal Year**



An additional part of net assets (1 percent) is assets that are subject to external restrictions on how they may be expended (debt reserve funds or unexpended debt proceeds). The remaining 23 percent of net assets (\$478,921,650) can be used to meet the City's ongoing obligations to its creditors and to citizens.

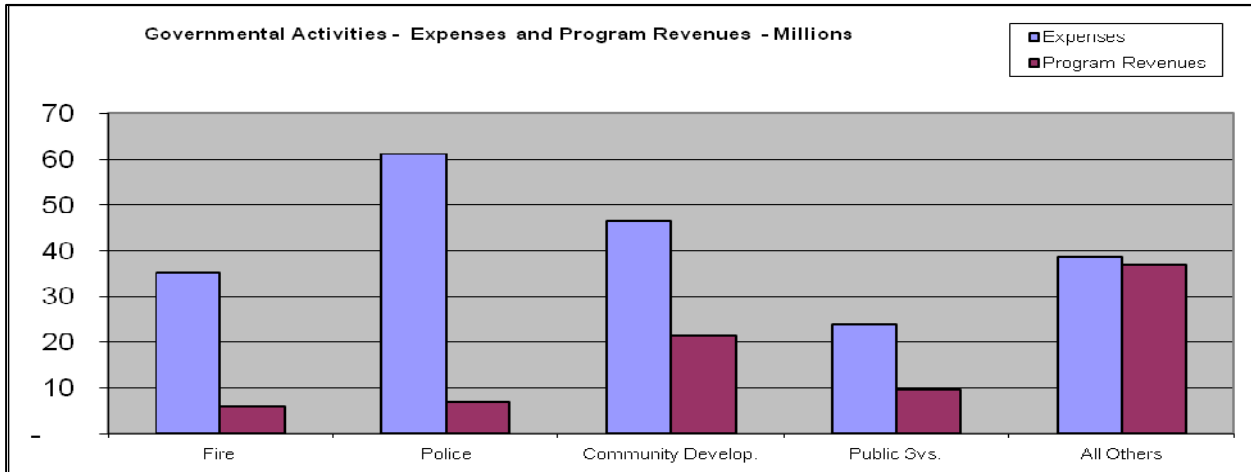
SALT LAKE CITY CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

SALT LAKE CITY CORPORATION'S Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Charges for Services	\$ 64,110,042	\$ 55,917,673	\$ 266,140,282	\$ 269,562,736	\$ 330,250,324	\$ 325,480,409
Operating grants and contributions	10,434,600	14,296,551	-	-	10,434,600	14,296,551
Capital grants and contributions	6,482,194	11,900,461	21,068,406	21,886,226	27,550,600	33,786,687
General Revenues						
Property taxes	66,608,195	65,934,700	-	-	66,608,195	65,934,700
Other taxes	75,650,163	81,907,641	-	-	75,650,163	81,907,641
Investment Earnings	4,023,642	5,763,680	8,650,711	16,629,178	12,674,353	22,392,858
Total revenues	227,308,836	235,720,706	295,859,399	308,078,140	523,168,235	543,798,846
Expenses						
General Government	13,192,608	14,540,859			13,192,608	14,540,859
Council	1,977,462	2,262,930	-	-	1,977,462	2,262,930
Mayor	2,197,563	2,020,849	-	-	2,197,563	2,020,849
City Attorney	5,189,609	5,306,784	-	-	5,189,609	5,306,784
Management Services	16,191,903	23,740,960	-	-	16,191,903	23,740,960
Fire	35,234,297	34,635,906	-	-	35,234,297	34,635,906
Police	61,044,917	61,021,829	-	-	61,044,917	61,021,829
Community and Economic Development	23,802,339	22,883,323	-	-	23,802,339	22,883,323
Public Services	46,512,065	48,205,524	-	-	46,512,065	48,205,524
Infrastructure depreciation	7,872,073	7,459,373	-	-	7,872,073	7,459,373
Interest on long-term debt	7,084,120	7,312,361	-	-	7,084,120	7,312,361
Water	-	-	49,718,999	48,243,567	49,718,999	48,243,567
Department of Airports	-	-	129,917,191	134,573,817	129,917,191	134,573,817
Sewer	-	-	13,604,216	13,565,452	13,604,216	13,565,452
Housing Loans	-	-	2,457,385	907,030	2,457,385	907,030
Redevelopment Agency	-	-	20,038,213	18,728,224	20,038,213	18,728,224
Intermodal Hub	-	-	-	-	-	-
Storm Water Utility	-	-	5,903,208	5,066,916	5,903,208	5,066,916
Refuse Collection	-	-	7,306,352	9,208,663	7,306,352	9,208,663
Golf	-	-	7,986,665	8,177,675	7,986,665	8,177,675
Total Expenses	220,298,956	229,390,698	236,932,229	238,471,344	457,231,185	467,862,042
Increase in net assets before transfers	7,009,880	6,330,008	58,927,170	69,606,796	65,937,050	75,936,804
Contribution to UTA	-	-	-	(21,994,075)	-	(21,994,075)
Transfers	2,306,866	(684,698)	(2,306,866)	684,698	-	-
Increase in net assets	9,316,746	5,645,310	56,620,304	48,297,419	65,937,050	53,942,729
Net assets beginning	491,606,235	485,960,925	1,559,318,662	1,511,021,243	2,050,924,897	1,996,982,168
Net assets ending	\$ 500,922,981	\$ 491,606,235	\$ 1,615,938,966	\$ 1,559,318,662	\$ 2,116,861,947	\$ 2,050,924,897

SALT LAKE CITY CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

**ACTIVITIES, GOVERNMENTAL AND BUSINESS-TYPE**

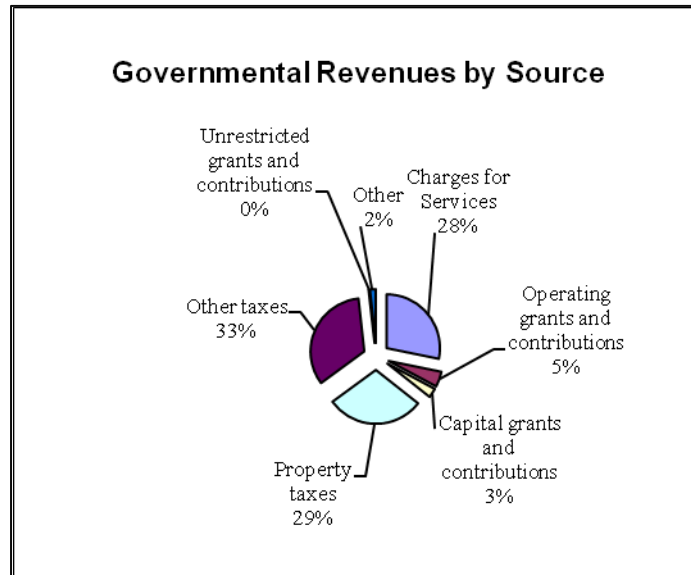
Governmental Activities net assets increased by \$9,316,746 for the year ended June 30, 2009, which is 14% percent of the total increase in net assets for Salt Lake City Corporation as a whole. The main reason for the increase is a decrease in expenditures in the expectation of decreasing revenues due to economic conditions.



Business-type activities contributed net assets in the amount of \$56,620,304 or 86 percent of the total increase to net assets. The most significant reason for this increase is the Department of Airports' and the Water's revenues and capital contributions exceeding their expenses. Both entities continue to invest heavily in capital assets. The Airport is continuing its program of expanded and improved facilities while the Water Utility is aggressively replacing the water distribution infrastructure.

**Financial Analysis of Salt Lake City's Funds**

Salt Lake City's governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources and the unreserved portion of this total fund balance is a measure of the available spendable resources at June 30, 2009.

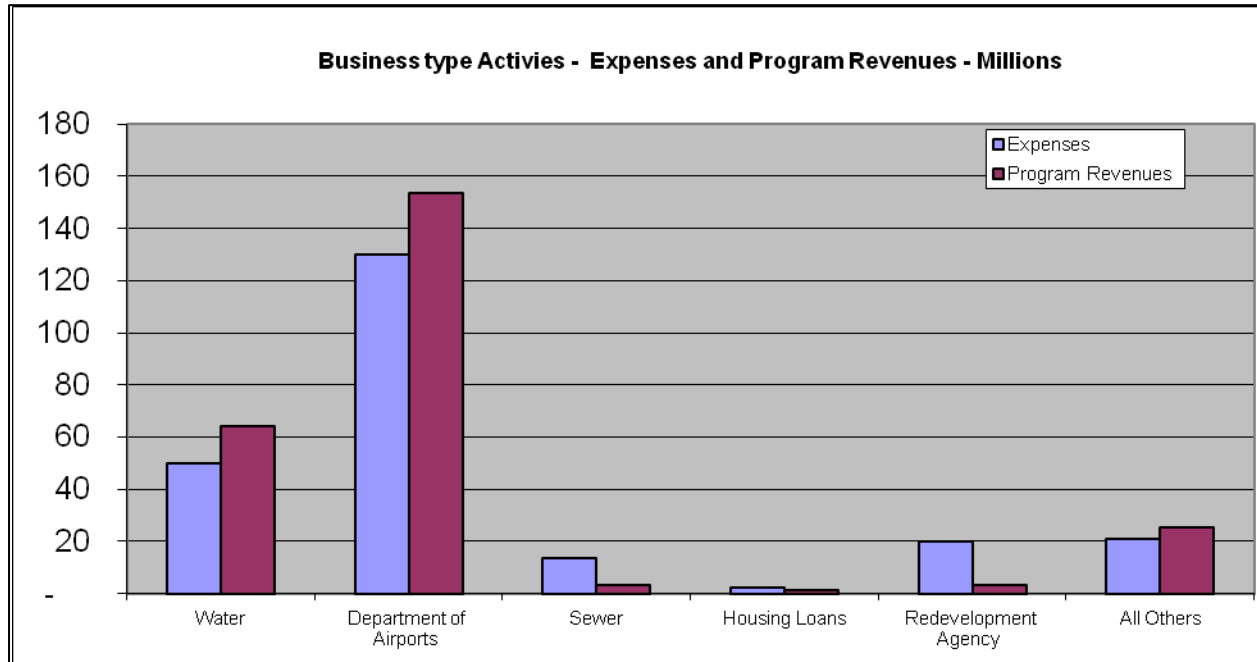


For the period ended June 30, 2009, the City's governmental funds reported a combined fund balance amount of \$119,237,222 with an increase of \$28,719,712 compared to the prior fiscal year. Of the total balance at year-end, \$43,997,495 is unreserved and undesignated. There is also an amount of \$25,287,865 designated for capital projects which is not considered restricted. The remaining \$49,951,862 combined fund balance total is reserved for the following purposes:

(1) encumbrances; (2) loans receivable; and (3) restricted assets, including an amount for the guarantee of special assessment debt.

SALT LAKE CITY CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

The General Fund is the main operating fund for Salt Lake City Corporation. At June 30, 2009, the General Fund's unreserved fund balance was \$22,046,402 while total fund balance equaled \$24,258,747. A useful measure of liquidity is to compare the unreserved fund balance and the total fund balance to expenditures (including operating transfers out) for the year. Unreserved fund balance was 11 percent of total expenditures and transfers while total fund balance equaled 14 percent.

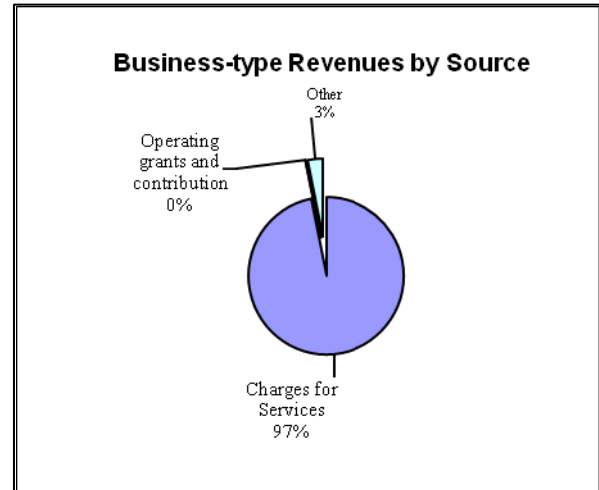


The fund balance of the General Fund for Salt Lake City decreased by \$3,878,401. The initial expectation was that fund balance for the 2009 fiscal year would decrease by approximately \$3,300,000. Actual revenues collected did not meet expected revenue budgets requiring a reduction in budgeted revenues as well as a corresponding reduction in expenditures.

The Capital Projects Fund has a total fund balance of \$69,925,178 at June 30, 2009, all of which is either reserved for restricted assets or designated for unfinished projects. The net increase in fund balance for the year amounted to \$31,876,328. General Obligation Bonds and Sales Tax Bonds were sold in 2009. General Obligation Bonds for The Leonardo at the Library and Open Space were sold for \$10,200,000 and \$800,000. Sales tax bonds were sold for construction of the Public Services Maintenance Facility city building reconstruction for \$36,240,000. Most of those funds will be expended in next few years rather than in the current year resulting in a significant increase in fund balance.

SALT LAKE CITY CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the City's Major proprietary funds totaled \$12,636,511 for the Water Fund, \$180,211,383 for the Department of Airports, \$37,209,110 for the Sewer Fund, \$26,413,789 for the Housing Loan Fund and \$77,225,118 for the Redevelopment Agency Fund. Discussions about the finances of these three funds are addressed in the City's business-type activities.



### General Fund Budgetary Highlights

Differences between the original and final amended budgets amounted to a total decrease in appropriations of \$1,664,816. By department, the changes are:

- \$137,704 increase for City Council
- \$649 decrease for Mayor
- \$92,194 decrease for City Attorney
- \$203,622 decrease for Management Services
- \$543,062 decrease for Fire
- \$1,517,599 decrease for Police
- \$602,440 increase for Community and Economic Development
- \$58,453 decrease for Public Services
- \$10,619 increase for Nondepartmental (including transfers out)

Increases to all budgets included \$4,494,544 of encumbrances from the prior year. Recessionary economic conditions resulted in a decrease in city revenue. Budget reductions were made in all general fund departments to compensate for the declining revenues. Prior year encumbrances were proportionately higher for Community and Economic Development and City Council resulting in an overall budget increase. Public Services budget decrease was proportionately less because there was a budget increase of \$478,435 for expenditures related to the Fleet Facility Construction. Some of the smaller increases in the budget were made for the KaBoom playground construction, the Museum of Fine Arts Exhibit Construction, and a new Trailway Coordinator.

### Capital Asset and Debt Administration

Salt Lake City's investment in capital assets for its governmental and business type activities combined totaled \$1,835,814,785 (net of \$999,446,342 accumulated depreciation) at June 30, 2009. Types of assets included in this category are land, land improvements, buildings, machinery and equipment, park and other recreation facilities, roads (including curb and gutter), street lights, traffic signals, parking facilities, water and waste water distribution and collection systems, airport runways and taxiways and bridges. The City's investment in capital assets equals more than 87 percent of total net assets. In comparing capital assets to net assets, the percentages for Governmental activities and Business type activities were 113 percent and 79 percent, respectively.

Major capital asset activities that occurred during the past fiscal year include: (1) the Department of Airports placed into service approximately \$60,000,000 of constructed assets related to its development master plan; (2) the Water Utility added another one million gallon distribution reservoir to the system and \$7,000,000 toward expansion of water line capacities for improved fire flow requirements. (3) The Water Utility also purchased property for possible operational expansion requirements in the future. (4) In the Sewer Utility a special \$800,000 Sewer Master Plan study is underway that will provide useful information on new and replacement trunk lines in key City locations. (5) The Stormwater Utility added \$4,500,000 to collection lines.

**SALT LAKE CITY CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

<b>Salt Lake City Corporation's Capital Assets</b>						
	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Land and water rights	\$ 179,036,321	\$ 175,224,789	\$ 159,768,679	\$ 148,910,702	\$ 338,805,000	\$ 324,135,491
Infrastructure	249,800,326	239,793,367	-	-	249,800,326	239,793,367
Buildings	202,981,542	198,800,307	476,204,905	464,164,664	679,186,447	662,964,971
Improvements other than buildings	35,491,186	30,773,120	1,161,035,616	1,147,460,351	1,196,526,802	1,178,233,471
Machinery and equipment	86,752,879	85,945,995	181,981,608	168,864,452	268,734,487	254,810,447
Construction in progress	20,417,543	14,100,072	81,790,522	68,987,260	102,208,065	83,087,332
Accumulated Depreciation	(208,457,181)	(199,490,880)	(790,989,161)	(747,050,093)	(999,446,342)	(946,540,973)
Net book value	<u>\$ 566,022,616</u>	<u>\$ 545,146,770</u>	<u>\$ 1,269,792,169</u>	<u>\$ 1,251,337,336</u>	<u>\$ 1,835,814,785</u>	<u>\$ 1,796,484,106</u>

At June 30, 2009, Salt Lake City's bonded debt amounted to \$242,660,545. The portion that is backed by the full faith and credit of the City amounted to \$76,823,810, and the portion for which the City is liable in case of default by assessed property owners amounted to \$2,251,000. All other bonded debt is known as revenue bonds and is secured by specific revenue sources.

In January 2009 the City issued \$800,000 in General Obligation bonds to acquire land and easements in order to create or preserve open space within city boundaries. \$10,200,000 of General Obligation bonds were issued in June 2009 to renovate the old library that houses the Leonardo Arts Center.

In January 2009 the City issued \$380,000 in Special Debt for street and sidewalk improvements for an area within Council District Five.

In February 2009 the City issued \$36,240,000 in Sales Tax bonds. These bond funds will be used to purchase land and construct a maintenance facility complex as well as purchase a bank building for conversion to additional office space. Salt Lake City's general obligation bonded debt has the following ratings from Moody's Investors Service and Fitch IBCA Inc.; Aaa / AAA, respectively.

General obligation debt of the City is limited by statute to 8 percent of the reasonable fair cash value of property. The debt limit for FY 2009 calculates to approximately \$1.9 billion, which is well in excess of the City's outstanding general obligation debt. Additional information on Salt Lake City's capital assets and debt can be found in Notes 5 and 6.

<b>Salt Lake City Corporation's Outstanding Debt General Obligation and Revenue Bonds</b>						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 76,823,810	\$ 72,649,052	\$ -	\$ -	\$ 76,823,810	\$ 72,649,052
Special assessment debt with governmental commitment	2,251,000	2,300,000	-	-	2,251,000	2,300,000
Revenue bonds	96,487,781	62,609,608	67,097,954	77,778,911	163,585,735	140,388,519
Total	<u>\$ 175,562,591</u>	<u>\$ 137,558,660</u>	<u>\$ 67,097,954</u>	<u>\$ 77,778,911</u>	<u>\$ 242,660,545</u>	<u>\$ 215,337,571</u>

SALT LAKE CITY CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

**Economic factors and next year's budgets and rates**

The unemployment rate for the most recent fiscal year available (2008 annual rate) is 3.3 percent, up from 2.6 percent for the previous year. Unemployment is expected to increase and then level off during the next year. Salt Lake County's unemployment rate for October 2009 has risen to 6.5%. Total employment with the City has been reduced slightly but revenues in most areas have decreased. Revenue appears to be decreasing in the next year and economic factors indicate little improvement in the economy in the upcoming year. These less favorable economic factors were considered in preparing and amending the fiscal year 2010 budget.

During the just completed fiscal year, fund balance in the General Fund decreased by \$3,878,401. The decrease was approximately \$500,000 more than originally budgeted. Currently, Salt Lake City is preparing for further reductions in revenues consistent with the declining economic outlook.

The rates and fees for most services increased in fiscal 2009 compared with fiscal year 2008. No increases in rates and fees are budgeted for fiscal year 2010.

**Requests for information**

This financial report is designed to give its readers a general overview of Salt Lake City's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 451 South State Street Room 248, P.O Box 145451, Salt Lake City, Utah 84114-5451.



# Basic Financial Statements

SALT LAKE CITY CORPORATION  
STATEMENT OF NET ASSETS  
June 30, 2009

	Primary Government			Component Unit Library
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents (Note 2)				
Unrestricted	\$ 93,964,462	\$ 316,402,480	\$ 410,366,942	\$ 659,326
Restricted (Note 2 & 4)	45,672,231	1,840,806	47,513,037	-
Investments (Note 2)	-	10,185,117	10,185,117	8,041,526
Receivables:				
Property, franchise and excise taxes	81,901,632	-	81,901,632	12,811,594
Assessments, including \$242,722 of delinquent assessments	1,822,336	-	1,822,336	-
Loans and other receivables	7,838,168	4,534,801	12,372,969	89,010
Accounts, less allowance for doubtful accounts of \$3,169,055	-	23,482,174	23,482,174	-
Due from other governments	1,712,059	3,424,894	5,136,953	-
Other, principally accrued interest	946,565	-	946,565	-
Prepaid expenses	-	19,149	19,149	13,000
Inventories	658,431	3,388,809	4,047,240	-
Internal balances	841,805	(841,805)	-	-
	<u>235,357,689</u>	<u>362,436,425</u>	<u>597,794,114</u>	<u>21,614,456</u>
Noncurrent assets:				
Restricted cash and cash equivalents (Note 2)	<u>-</u>	<u>14,487,663</u>	<u>14,487,663</u>	<u>-</u>
Property and equipment, at cost:				
Land and water rights (Note 5)	179,036,321	159,768,679	338,805,000	770,689
Infrastructure (Note 5)	249,800,326	-	249,800,326	-
Buildings (Note 5)	202,981,542	476,204,905	679,186,447	8,424,391
Improvements other than buildings (Note 5)	35,491,186	1,161,035,616	1,196,526,802	317,116
Machinery and equipment (Note 5)	86,752,879	181,981,608	268,734,487	19,527,054
Construction in progress (Note 5)	20,417,543	81,790,522	102,208,065	-
Accumulated depreciation (Note 5)	<u>(208,457,181)</u>	<u>(790,989,161)</u>	<u>(999,446,342)</u>	<u>(16,276,168)</u>
Net property and equipment	566,022,616	1,269,792,169	1,835,814,785	12,763,082
Bond issue costs, less accumulated amortization of \$1,752,582	1,225,745	665,183	1,890,928	-
Loans and other long-term receivables	-	64,961,550	64,961,550	-
Land and buildings held for resale	-	33,246,785	33,246,785	-
Investment in joint venture (Note 18)	-	22,368,198	22,368,198	-
Deferred charges	-	16,799,066	16,799,066	-
Other	<u>-</u>	<u>1,715,926</u>	<u>1,715,926</u>	<u>-</u>
Total noncurrent assets	<u>567,248,361</u>	<u>1,424,036,540</u>	<u>1,991,284,901</u>	<u>12,763,082</u>
Total assets	<u>\$ 802,606,050</u>	<u>\$ 1,786,472,965</u>	<u>\$ 2,589,079,015</u>	<u>\$ 34,377,538</u>

The accompanying notes are an integral part of this statement

SALT LAKE CITY CORPORATION  
STATEMENT OF NET ASSETS  
June 30, 2009

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Library
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 8,521,469	\$ 10,348,878	\$ 18,870,347	\$ 740,474
Accrued liabilities	10,239,231	12,493,656	22,732,887	-
Current portion of long-term compensated absences	1,838,461	1,321,430	3,159,891	-
Current portion of estimated claims payable	3,261,403	-	3,261,403	-
Current portion of long-term debt:				
Payable from unrestricted assets (Note 6)	17,209,029	5,138,989	22,348,018	56,097
Payable from restricted assets (Note 6)	-	2,143,115	2,143,115	-
Special assessment debt with governmental commitment (Note 6)	434,000	-	434,000	-
Deferred revenue	67,705,511	-	67,705,511	14,324,792
Unearned revenue	218,599	1,473,939	1,692,538	-
Accrued interest, payable from restricted assets	-	936,434	936,434	-
Other liabilities payable from restricted assets	299,567	-	299,567	-
Current deposits and advance rentals	1,120,473	5,109,890	6,230,363	-
Total current liabilities	110,847,743	38,966,331	149,814,074	15,121,363
Noncurrent liabilities:				
Deposits, advance rentals and long term accruals	-	42,440,808	42,440,808	-
Long-term compensated absences liability (Note 6)	15,705,210	7,307,918	23,013,128	227,421
Other post employment benefits (Note 13)	7,692,000	3,418,000	11,110,000	-
Estimated claims payable	4,462,322	-	4,462,322	-
Bonds payable (Note 6)	160,635,419	-	160,635,419	-
Notes payable (Note 6)	1,909,982	78,400,942	80,310,924	-
Notes payable from restricted assets (Note 6)	430,393	-	430,393	-
Total noncurrent liabilities	190,835,326	131,567,668	322,402,994	227,421
Total liabilities	301,683,069	170,533,999	472,217,068	15,348,784
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	385,403,793	1,218,964,420	1,604,368,213	12,763,082
Restricted for:				
Capital projects	7,201,928	-	7,201,928	-
Debt service	23,633	26,346,526	26,370,159	-
Unrestricted	108,293,627	370,628,020	478,921,647	6,265,672
Total net assets	500,922,981	1,615,938,966	2,116,861,947	19,028,754
Total liabilities and net assets	\$ 802,606,050	\$ 1,786,472,965	\$ 2,589,079,015	\$ 34,377,538

The accompanying notes are an integral part of this statement

SALT LAKE CITY CORPORATION  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General Government	\$ 13,192,608	\$ 18,021,037	\$ 995,082	\$ 4,478,466
City Council	1,977,462	48,580	-	-
Mayor	2,197,563	232,068	-	-
City Attorney	5,189,609	814,019	13,800	-
Management Services	16,191,903	12,372,949	6,250	-
Fire	35,234,297	5,952,580	181,763	-
Police	61,044,917	5,405,794	1,523,692	-
Community and Economic Development	23,802,339	17,416,192	3,957,773	-
Public Services	46,512,065	3,846,823	3,756,240	2,003,728
Unallocated infrastructure depreciation	7,872,073	-	-	-
Interest on long-term debt	7,084,120	-	-	-
Total governmental activities	<u>220,298,956</u>	<u>64,110,042</u>	<u>10,434,600</u>	<u>6,482,194</u>
Business-type activities:				
Water	49,718,999	57,117,944	-	6,952,730
Airport Authority	129,917,191	144,280,661	-	9,424,739
Sewer	13,604,216	17,444,206	-	2,050,403
Housing Loans	2,457,385	1,257,012	-	60,916
Redevelopment Agency	20,038,213	25,334,621	-	-
Storm Water Utility	5,903,208	5,329,261	-	2,579,618
Refuse Collection	7,306,352	7,767,802	-	-
Golf	7,986,665	7,608,775	-	-
Total business-type activities	<u>236,932,229</u>	<u>266,140,282</u>	<u>-</u>	<u>21,068,406</u>
Total primary government	<u>\$ 457,231,185</u>	<u>\$ 330,250,324</u>	<u>\$ 10,434,600</u>	<u>\$ 27,550,600</u>
Component unit				
Library	<u>\$ 13,668,382</u>	<u>\$ 561,471</u>	<u>\$ 117,193</u>	<u>\$ 29,674</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Franchise taxes

Sales tax

Investment earnings

Transfers

Total general revenues and transfers

Change in net assets

Net Assets July 1, 2008

Net Assets June 30, 2009

The accompanying notes are an integral part of this statement

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ 10,301,977	\$ -	\$ 10,301,977	\$ -
(1,928,882)	-	(1,928,882)	-
(1,965,495)	-	(1,965,495)	-
(4,361,790)	-	(4,361,790)	-
(3,812,704)	-	(3,812,704)	-
(29,099,954)	-	(29,099,954)	-
(54,115,431)	-	(54,115,431)	-
(2,428,374)	-	(2,428,374)	-
(36,905,274)	-	(36,905,274)	-
(7,872,073)	-	(7,872,073)	-
(7,084,120)	-	(7,084,120)	-
(139,272,120)	-	(139,272,120)	-
-	14,351,675	14,351,675	-
-	23,788,209	23,788,209	-
-	5,890,393	5,890,393	-
-	(1,139,457)	(1,139,457)	-
-	5,296,408	5,296,408	-
-	2,005,671	2,005,671	-
-	461,450	461,450	-
-	(377,890)	(377,890)	-
-	50,276,459	50,276,459	-
(139,272,120)	50,276,459	(88,995,661)	-
			(12,960,044)
66,608,195	-	66,608,195	12,579,569
26,318,421	-	26,318,421	-
49,331,742	-	49,331,742	-
4,023,642	8,650,711	12,674,353	205,585
2,306,866	(2,306,866)	-	-
148,588,866	6,343,845	154,932,711	12,785,154
9,316,746	56,620,304	65,937,050	(174,890)
491,606,235	1,559,318,662	2,050,924,897	19,203,644
\$ 500,922,981	\$ 1,615,938,966	\$ 2,116,861,947	\$ 19,028,754

The accompanying notes are an integral part of this statement

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# Governmental Fund Financial Statements

**General Fund** - The General Fund is the principal fund of the City and is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund accounts for the normal activities of the City, (i.e. police, fire, public works, parks, community and economic development, general government, etc.). These activities are funded principally by property taxes, sales and use taxes, franchise taxes, licenses and permits.

**Capital Projects Fund** - The City's Capital Projects Fund is used to account for resources designated to construct general capital assets which, by their nature, may require more than one budgetary cycle for completion. Project budgets are adopted for the Capital Projects Fund.

SALT LAKE CITY CORPORATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009

	<u>General</u>
<u>ASSETS</u>	
Assets:	
Cash and cash equivalents (Note 2)	\$ 23,135,486
Receivables:	
Property, franchise and excise taxes	81,747,405
Assessments, including \$242,722 of delinquent assessments	-
Taxes receivable	-
Loans, prepaids and other receivables	-
Due from other governments	-
Other, principally accrued interest	469,434
Restricted assets:	
Cash and cash equivalents (Notes 2 & 4)	<u>281,325</u>
Total assets	<u><u>\$ 105,633,650</u></u>

The accompanying notes are an integral part of this statement



Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 28,853,565	\$ 21,979,865	\$ 73,968,916
-	-	81,747,405
-	1,822,336	1,822,336
-	154,227	154,227
76,774	3,029,719	3,106,493
396,094	1,299,134	1,695,228
-	477,131	946,565
44,637,313	323,200	45,241,838
<u>\$ 73,963,746</u>	<u>\$ 29,085,612</u>	<u>\$ 208,683,008</u>

The accompanying notes are an integral part of this statement

SALT LAKE CITY CORPORATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS (continued)  
June 30, 2009

	<u>General</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 2,433,248
Accrued liabilities	10,358,992
Current deposits and advance rentals	1,120,473
Other liabilities payable from restricted assets	-
Deferred revenue	67,462,190
Total liabilities	<u>81,374,903</u>
 Fund balances:	
Reserved for encumbrances	1,931,020
Reserved for loans receivable and advances	-
Reserved for restricted assets	281,325
Unreserved - designated for capital improvements	-
Unreserved and undesignated	22,046,402
Unreserved, reported in nonmajor	
Special Revenue Funds	-
Debt Service Funds	-
Total fund balances	<u>24,258,747</u>
 Total liabilities and fund balances	<u><u>\$ 105,633,650</u></u>

The accompanying notes are an integral part of this statement

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 4,038,568	\$ 1,394,569	\$ 7,866,385
-	56,724	10,415,716
-	-	1,120,473
-	299,567	299,567
-	2,281,455	69,743,645
<u>4,038,568</u>	<u>4,032,315</u>	<u>89,445,786</u>
-	-	1,931,020
-	3,078,571	3,078,571
44,637,313	23,633	44,942,271
25,287,865	-	25,287,865
-	-	22,046,402
-	20,244,598	20,244,598
-	1,706,495	1,706,495
<u>69,925,178</u>	<u>25,053,297</u>	<u>119,237,222</u>
<u>\$ 73,963,746</u>	<u>\$ 29,085,612</u>	<u>\$ 208,683,008</u>

The accompanying notes are an integral part of this statement

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Salt Lake City Corporation  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statements of Net Assets  
June 30, 2009

Total fund balances for governmental funds	\$	119,237,222
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Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of: (see Note 5)

Land	179,036,321	
Infrastructure	249,800,326	
Buildings	202,981,542	
Improvements other than buildings	35,491,186	
Equipment	86,752,879	
Construction in progress	20,417,543	
Less accumulated depreciation	<u>(208,457,181)</u>	
Total capital assets		566,022,616

Other assets are reported for governmental activities as they are not considered collectible until after year end. These include other receivables that are long-term in nature and bond issue costs less amortization

Long term note receivable	4,731,675	
Other receivables	16,831	
Bond issue costs	1,225,745	5,974,251

Internal services funds are used by the City to charge the costs of the fleet management system, data processing services, insurance for employee health, accident, long-term disability, unemployment and worker's compensation, general liability claims, and acquisition and lease to the City of purchased or constructed property.

19,836,628

Some of the internal service net income is allocable to business-type activities. These amounts are shown in the internal balances in the governmental activities statement.

841,805

Recognition of income on the accrual basis of accounting that is deferred on the modified accrual basis of accounting.

2,412,193

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather as an expenditure when due. Obligation for compensated absence liabilities due within one year are included in the governmental fund statements in accrued liabilities. All liabilities -both current and long-term are reported in the statement of net assets. (See Note 6.)

Accrued liabilities	176,485	
Obligation for compensated absence liabilities due after one year	(15,705,210)	
Current portion of long-term debt	(17,643,029)	
Current portion of obligation for compensated absence liabilities	(1,838,461)	
Other post employment benefits	(7,692,000)	
Current portion of estimated claims payable	(3,261,403)	
Estimated claims payable	(4,462,322)	
Bonds payable	(160,635,419)	
Note payable	<u>(2,340,375)</u>	
Total liabilities		<u>(213,401,734)</u>

Total net assets of governmental activities

\$ 500,922,981

SALT LAKE CITY CORPORATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
Year ended June 30, 2009

	General	Capital Projects	Other Governmental Funds	Totals
Revenues:				
General property taxes	\$ 66,237,313	\$ -	\$ -	\$ 66,237,313
Sales, use, and excise taxes	47,303,903	-	2,027,839	49,331,742
Franchise taxes	26,318,421	-	-	26,318,421
Licenses	7,861,188	-	-	7,861,188
Permits	9,826,201	3,137,696	-	12,963,897
Fines and forfeitures	6,541,816	-	90,470	6,632,286
Assessments	-	209,677	1,537,616	1,747,293
Interest	2,309,596	549,902	725,943	3,585,441
Intergovernmental	4,761,925	6,230,769	8,540,488	19,533,182
Interfund service charges	9,509,226	-	-	9,509,226
Parking meter	1,646,261	-	-	1,646,261
Parking ticket	3,969,193	-	-	3,969,193
Charges for services	4,294,227	-	583,367	4,877,594
Contributions	19,750	-	1,251,154	1,270,904
Miscellaneous	593,688	87,543	1,082,494	1,763,725
Total revenues	191,192,708	10,215,587	15,839,371	217,247,666
Expenditures:				
Current:				
City Council	1,777,148	-	-	1,777,148
Mayor	1,910,635	-	-	1,910,635
City Attorney	4,662,167	-	-	4,662,167
Management Services	11,819,338	-	18,135	11,837,473
Fire	33,033,125	-	-	33,033,125
Police	54,178,976	-	443,700	54,622,676
Community and Economic Development	14,012,246	-	7,849,952	21,862,198
Public Services	36,899,117	-	741,687	37,640,804
Arts Council	-	-	1,599,978	1,599,978
Nondepartmental	16,479,624	-	-	16,479,624
Capital improvements	-	32,881,407	-	32,881,407
Debt service:				
Principal	-	-	11,519,000	11,519,000
Interest and other fiscal charges	-	379,751	6,585,298	6,965,049
Total expenditures	174,772,376	33,261,158	28,757,750	236,791,284
Revenues over (under) expenditures	16,420,332	(23,045,571)	(12,918,379)	(19,543,618)
Other financing sources (uses):				
Issuance of debt	-	47,620,000	-	47,620,000
Premiums from issuance of debt	-	2,007,015	-	2,007,015
Proceeds from sale of property	465,433	1,813,836	-	2,279,269
Transfers in	6,138,963	20,810,993	17,942,299	44,892,255
Transfers out	(26,903,129)	(17,329,945)	(4,302,135)	(48,535,209)
Total other financing sources (uses):	(20,298,733)	54,921,899	13,640,164	48,263,330
Net Change in Fund Balances	(3,878,401)	31,876,328	721,785	28,719,712
Fund balance July 1, 2008	28,137,148	38,048,850	24,331,512	90,517,510
Fund balance June 30, 2009	\$ 24,258,747	\$ 69,925,178	\$ 25,053,297	\$ 119,237,222

The accompanying notes are an integral part of this statement

Salt Lake City Corporation  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year ended June 30, 2009

Net change in fund balances - total governmental funds \$ 28,719,712

The change in net assets reported for governmental activities in the statement of activities is 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 and reported as depreciation expense. This is the amount by which capital outlay (\$41,624,988) less Work in Process reclassifications (\$11,830,975) and Capital Contributions (\$7,034,990) included in additions exceeded depreciation expense (\$15,760,412). (See Note 5.) 14,033,601

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. (See Note 6.) 11,519,000

In governmental funds the proceeds from the bonds and notes are considered a source of financing, but in the statement of net assets, the obligation is reported as a liability. (see Note 6.) (49,550,514)

Governmental funds do not report infrastructure. Contributions of Infrastructure are reported as contributions in kind in Statement of Activities 7,034,990

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment contains the following:

Deferred revenue recognized as income	294,687	
Compensated absences and other post employment benefits	(2,965,621)	
Capitalization of bond issue costs	537,744	
Amortization of bond issue costs	(188,961)	
Deferred loss and amortization of bond premium and deferred loss	27,582	
Accrued interest	(540,992)	
Gain (loss) on sale of capital assets	(143,803)	(2,979,364)

Internal services funds are used by the City to charge the costs of the fleet management system, data processing services, insurance for employee health, accident, long-term disability, unemployment and worker's compensation, general liability claims, acquisition and lease to the City of purchased or constructed property and equipment and photocopying and printing services. The net revenue of internal service funds is allocated between governmental activities and business-type activities. Internal service fund net loss of \$336,574 plus amount allocated to business-type activities (\$875,895).

539,321

Change in net assets of governmental activities. \$ 9,316,746

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# Proprietary Fund Financial Statements

**Water Utility Fund** - This fund is used to account for the activities related to providing water service to the residents of the City and certain residents of Salt Lake County.

**Department of Airports** - This fund is used to account for the activities related to the operation of City airports.

**Sewer Utility Fund** - This fund is used to account for the activities relating to providing sewer service to the residents of the City.

**Housing Loans Fund** - To account for the loan servicing activities of the City's grant and leveraged bank funded loans, except for the Urban Development Action Grant loans.

**Redevelopment Agency Fund** - This fund is used to account for urban redevelopment activities such as acquisition of land sites and sale of such land for development, and loans provided for improvements in existing housing and the repayment of loans and related interest.

SALT LAKE CITY CORPORATION  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2009

ASSETS	Business-type Activities- Enterprise Funds		
	Water Utility	Department of Airports	Sewer Utility
Current assets:			
Cash and cash equivalents (Note 2)			
Unrestricted	\$ 23,794,412	\$ 166,381,939	\$ 36,795,139
Restricted	-	1,524,815	-
Investments (Note 2)	10,185,117	-	-
Receivables:			
Accounts, less allowance for doubtful accounts of \$3,169,055	4,890,118	15,677,954	1,573,173
Current portion of loans receivable	-	-	-
Other	827,257	2,576,151	20,646
Prepaid expenses	3,255	-	7,079
Inventory of supplies	2,422,831	-	572,261
Total current assets	42,122,990	186,160,859	38,968,298
Noncurrent assets:			
Restricted cash and cash equivalents (Notes 2 & 4)	9,393,792	-	3,725,338
Property and equipment, at cost:			
Land and water rights (Note 5)	44,670,898	88,110,384	4,187,449
Buildings (Note 5)	45,404,702	374,061,710	45,805,769
Improvements other than buildings (Note 5)	243,650,103	669,810,020	81,316,536
Machinery and equipment (Note 5)	22,752,549	110,006,239	28,232,300
Construction in progress (Note 5)	9,118,111	22,371,597	47,610,136
Work in Progress (Note 5)	-	-	-
Accumulated depreciation (Note 5)	(91,789,995)	(557,949,137)	(66,841,896)
Net property and equipment	273,806,368	706,410,813	140,310,294
Bond issue costs, less accumulated amortization of \$1,752,582	270,955	-	211,267
Loans and other long-term receivables	-	-	-
Land and buildings held for resale	-	-	-
Investment in joint venture (Note 18)	-	-	-
Deferred Charges	-	16,799,066	-
Other	1,577,962	137,964	-
Total noncurrent assets	285,049,077	723,347,843	144,246,899
Total assets	\$ 327,172,067	\$ 909,508,702	\$ 183,215,197

The accompanying notes are an integral part of this statement

Business-type Activities Enterprise Funds				Governmental Activities- Internal Service Funds
Housing Loans	Redevelopment Agency	Nonmajor Proprietary Funds	Total	
\$ 14,919,406	\$ 58,715,472	\$ 15,796,112	\$ 316,402,480	\$ 19,995,546
-	315,991	-	1,840,806	-
-	-	-	10,185,117	-
-	-	1,340,929	23,482,174	-
3,194,900	1,339,901	-	4,534,801	-
-	-	840	3,424,894	-
-	-	8,815	19,149	-
-	-	393,717	3,388,809	658,431
<u>18,114,306</u>	<u>60,371,364</u>	<u>17,540,413</u>	<u>363,278,230</u>	<u>20,653,977</u>
-	-	1,368,533	14,487,663	430,393
-	16,436,520	6,363,428	159,768,679	62,741
-	-	10,932,724	476,204,905	193,097
-	45,954,187	120,304,770	1,161,035,616	-
-	104,302	20,886,218	181,981,608	55,416,344
-	265,020	2,425,658	81,790,522	-
-	-	-	-	987,095
-	(26,329,400)	(48,078,733)	(790,989,161)	(33,354,646)
<u>-</u>	<u>36,430,629</u>	<u>112,834,065</u>	<u>1,269,792,169</u>	<u>23,304,631</u>
-	116,245	66,716	665,183	-
36,542,285	28,419,265	-	64,961,550	-
936,786	32,309,999	-	33,246,785	-
-	-	22,368,198	22,368,198	-
-	-	-	16,799,066	-
-	-	-	1,715,926	-
<u>37,479,071</u>	<u>97,276,138</u>	<u>136,637,512</u>	<u>1,424,036,540</u>	<u>23,735,024</u>
<u>\$ 55,593,377</u>	<u>\$ 157,647,502</u>	<u>\$ 154,177,925</u>	<u>\$ 1,787,314,770</u>	<u>\$ 44,389,001</u>

-(continued)-

SALT LAKE CITY CORPORATION  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2009

	Business-type Activities- Enterprise Funds		
	Water Utility	Department of Airports	Sewer Utility
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 3,673,260	\$ 4,366,169	\$ 398,413
Accrued liabilities	169,535	6,850,780	57,097
Current portion of long-term compensated absences (Note 6)	313,844	729,132	59,799
Current portion of long-term debt:			
Payable from unrestricted assets (Note 6)	411,547	-	529,783
Payable from restricted assets (Note 6)	1,323,453	-	378,417
Deferred revenue	1,251,201	-	129,716
Current portion of estimated claims payable	-	-	-
Accrued interest, payable from restricted assets	420,297	-	396,637
Current deposits and advance rentals	536,889	3,674,363	-
Total current liabilities	8,100,026	15,620,444	1,949,862
Noncurrent liabilities:			
Deposits, advance rentals and long-term accruals	21,273,460	151,544	-
Other liabilities payable from restricted assets	-	-	-
Bonds, mortgages, and notes payable (Note 6)	21,797,021	-	20,006,544
Estimated claims liability	-	-	-
Long-term compensated absences liability (Note 6)	2,288,956	3,923,703	438,136
Other post employment benefits (Note 13)	1,137,000	1,666,000	279,000
Total noncurrent liabilities	46,496,437	5,741,247	20,723,680
Total liabilities	54,596,463	21,361,691	22,673,542
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	254,179,759	706,410,813	119,607,207
Restricted for debt service and capital acquisition	5,759,334	1,524,815	3,725,338
Unrestricted	12,636,511	180,211,383	37,209,110
Total net assets	272,575,604	888,147,011	160,541,655
Total liabilities and net assets	\$ 327,172,067	\$ 909,508,702	\$ 183,215,197

The accompanying notes are an integral part of this statement

Business-type Activities Enterprise Funds				Governmental Activities- Internal Service Funds
Housing Loans	Redevelopment Agency	Nonmajor Proprietary Funds	Total	
\$ 437,938	\$ 895,408	\$ 577,690	\$ 10,348,878	\$ 655,084
-	5,305,964	110,280	12,493,656	130,030
-	12,081	206,574	1,321,430	175,912
672,088	2,547,961	977,610	5,138,989	2,715,859
-	315,991	125,254	2,143,115	-
-	-	93,022	1,473,939	592,658
-	-	-	-	3,261,403
-	-	119,500	936,434	-
163,780	271,554	463,304	5,109,890	-
1,273,806	9,348,959	2,673,234	38,966,331	7,530,946
-	21,015,804	-	42,440,808	-
-	-	-	-	430,393
13,952,891	13,182,581	9,461,905	78,400,942	1,909,982
-	-	-	-	4,462,322
-	108,420	548,703	7,307,918	1,092,637
-	20,000	316,000	3,418,000	330,000
13,952,891	34,326,805	10,326,608	131,567,668	8,225,334
15,226,697	43,675,764	12,999,842	170,533,999	15,756,280
-	36,430,629	102,336,012	1,218,964,420	18,248,397
13,952,891	315,991	1,068,157	26,346,526	-
26,413,789	77,225,118	37,773,914	371,469,825	10,384,324
40,366,680	113,971,738	141,178,083	1,616,780,771	28,632,721
\$ 55,593,377	\$ 157,647,502	\$ 154,177,925	\$ 1,787,314,770	\$ 44,389,001

The accompanying notes are an integral part of this statement

Salt Lake City Corporation  
Reconciliation of the Proprietary Funds Statement of Net Assets to the Primary Government  
business-type Statement of Net Assets  
June 30, 2009

Total assets for Proprietary Funds	\$ 1,787,314,770
Internal service fund allocation for proprietary funds - prior year	34,090
Internal service fund allocation for proprietary funds - current year	<u>(875,895)</u>
Total assets for Primary government business-type activities	<u><u>\$ 1,786,472,965</u></u>

Total net assets for Proprietary Funds	\$ 1,616,780,771
Internal service fund allocation for proprietary funds - prior year	34,090
Internal service fund allocation for proprietary funds - current year	<u>(875,895)</u>
Total net assets for Primary government business-type activities	<u><u>\$ 1,615,938,966</u></u>

The accompanying notes are an integral part of this statement

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SALT LAKE CITY CORPORATION  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
Year ended June 30, 2009

	Business-type Activities Enterprise Funds		
	Water Utility	Department of Airports	Sewer Utility
Operating revenue:			
Sales and charges for services	\$ 55,580,475	\$ 106,170,800	\$ 17,056,970
Rental and other	1,664,080	2,069,865	429,604
Total operating revenue	57,244,555	108,240,665	17,486,574
Operating expenses:			
Personal services	16,384,710	41,068,093	6,055,898
Operating and maintenance	2,709,434	8,404,822	969,833
Charges and services	23,316,564	31,080,108	2,803,059
Depreciation and amortization	6,588,078	49,234,710	3,868,158
Total operating expenses	48,998,786	129,787,733	13,696,948
Operating income (loss)	8,245,769	(21,547,068)	3,789,626
Nonoperating revenues (expenses):			
Interest income	723,551	3,664,984	741,524
Interest expense (net of amount capitalized of \$2,357,434)	(720,213)	-	92,732
Property taxes	-	-	-
Property tax refunds	-	-	-
Equity in joint venture income	-	-	-
Gain or (loss) on disposition of property and equipment	129,374	(129,458)	7,777
Total nonoperating revenues (expenses)	132,712	3,535,526	842,033
Capital Contributions			
Grants and other contributions	6,952,730	9,424,739	2,050,403
Passenger facility charges	-	36,322,763	-
Total capital contributions	6,952,730	45,747,502	2,050,403
Income before transfers	15,331,211	27,735,960	6,682,062
Transfers in	-	-	-
Transfers out	(65,110)	(48,549)	(21,406)
Increase in net assets	15,266,101	27,687,411	6,660,656
Net Assets July 1, 2008	257,309,503	860,459,600	153,880,999
Net Assets June 30, 2009	\$ 272,575,604	\$ 888,147,011	\$ 160,541,655

The accompanying notes are integral part of this statement



Business-type Activities Enterprise Funds				Governmental Activities- Internal Service Funds
Housing Loans	Redevelopment Agency	Nonmajor Proprietary Funds	Total	
\$ 853,514	\$ -	\$ 21,144,055	\$ 200,805,814	\$ 52,359,397
403,498	2,224,027	95,188	6,886,262	-
1,257,012	2,224,027	21,239,243	207,692,076	52,359,397
-	771,359	7,452,348	71,732,408	10,136,522
-	3,634,769	1,278,127	16,996,985	5,499,646
1,649,777	10,238,062	8,771,824	77,859,394	38,656,154
-	1,933,751	4,275,039	65,899,736	4,743,157
1,649,777	16,577,941	21,777,338	232,488,523	59,035,479
(392,765)	(14,353,914)	(538,095)	(24,796,447)	(6,676,082)
1,446,913	1,734,525	339,214	8,650,711	438,201
(807,608)	(3,390,420)	(228,991)	(5,054,500)	(193,256)
-	23,740,056	-	23,740,056	-
-	(69,852)	-	(69,852)	-
-	-	810,104	810,104	-
-	(626,213)	(249,656)	(868,176)	144,743
639,305	21,388,096	670,671	27,208,343	389,688
60,916	-	2,579,618	21,068,406	-
-	-	-	36,322,763	-
60,916	-	2,579,618	57,391,169	-
307,456	7,034,182	2,712,194	59,803,065	(6,286,394)
1,813,711	-	-	1,813,711	6,096,123
(2,108,090)	(4,734)	(1,872,688)	(4,120,577)	(146,303)
13,077	7,029,448	839,506	57,496,199	(336,574)
40,353,603	106,942,290	140,338,577	1,559,284,572	28,969,295
\$ 40,366,680	\$ 113,971,738	\$ 141,178,083	\$ 1,616,780,771	\$ 28,632,721

The accompanying notes are integral part of this statement

Salt Lake City Corporation  
Reconciliation of the Proprietary Funds Change in Net Assets to the Primary Government  
business-type Changes in Net Assets  
Year ended June 30, 2009

Change in net assets for Proprietary Funds	\$ 57,496,199
Internal service fund allocation for proprietary funds	<u>(875,895)</u>
Change in net assets for Primary government business-type activities	<u><u>\$ 56,620,304</u></u>

The accompanying notes are an integral part of this statement

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SALT LAKE CITY CORPORATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year ended June 30, 2009

	Water Utility	Department of Airports	Sewer Utility
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 58,666,467	\$ 110,945,787	\$ 17,840,851
Payments to suppliers	(25,144,954)	(40,545,742)	(4,424,562)
Payments to employees	(15,872,755)	(41,698,230)	(5,999,534)
Loans made	-	-	-
Principal received on loans	-	-	-
Net cash provided by (used in) operating activities	<u>17,648,758</u>	<u>28,701,815</u>	<u>7,416,755</u>
Cash flows from noncapital and related financing activities:			
Property taxes received	-	-	-
Reimbursed deposits and property tax settlement payment	-	-	-
Transfers in	-	-	-
Transfers out	<u>(65,110)</u>	<u>(48,549)</u>	<u>(21,406)</u>
Net cash provided by (used in) noncapital and related financing activities	<u>(65,110)</u>	<u>(48,549)</u>	<u>(21,406)</u>
Cash flows from capital and related financing activities:			
Proceeds from issuance of debt (net of discount and issuance costs)	-	-	-
Proceeds from sale of capital assets	107,000	197,759	39,539
Contributions for aid in construction, including passenger facility charges	1,509,641	46,564,061	792,504
Payments on long-term obligations, net of capitalized interest	(2,607,588)	-	(1,547,392)
Payments for purchase and construction of capital assets, including capitalized interest	<u>(16,404,852)</u>	<u>(49,230,363)</u>	<u>(3,852,734)</u>
Net cash provided by (used in) capital and related financing activities	<u>(17,395,799)</u>	<u>(2,468,543)</u>	<u>(4,568,083)</u>

The accompanying notes are an integral part of this statement

Housing Loans	Redevelopment Agency	Nonmajor Proprietary Funds	Total	Governmental Activities- Internal Service Funds
\$ 2,746,859	\$ 2,544,844	\$ 21,439,202	\$ 214,184,010	\$ 53,988,110
(1,416,212)	(12,719,710)	(10,255,209)	(94,506,389)	(42,797,481)
-	(726,543)	(7,259,813)	(71,556,875)	(9,463,917)
(4,583,374)	(5,691,319)	-	(10,274,693)	-
3,082,146	11,146,701	-	14,228,847	-
(170,581)	(5,446,027)	3,924,180	52,074,900	1,726,712
-	23,740,056	-	23,740,056	-
-	(162,513)	-	(162,513)	-
1,813,711	-	-	1,813,711	6,096,121
(2,108,090)	(4,734)	(1,872,688)	(4,120,577)	(146,303)
(294,379)	23,572,809	(1,872,688)	21,270,677	5,949,818
1,866,346	-	2,083,789	3,950,135	1,556,223
-	1,139,022	74,200	1,557,520	564,622
60,916	-	829,675	49,756,797	-
(1,657,116)	(15,555,926)	(1,784,745)	(23,152,767)	(2,795,836)
-	(18,115,333)	(5,352,334)	(92,955,616)	(5,831,325)
270,146	(32,532,237)	(4,149,415)	(60,843,931)	(6,506,316)

(continued)

The accompanying notes are an integral part of this statement

SALT LAKE CITY CORPORATION  
STATEMENT OF CASH FLOWS (continued)  
PROPRIETARY FUNDS  
Year ended June 30, 2009

	Water Utility	Department of Airports	Sewer Utility
Cash flows from investing activities:			
Interest received on investments	1,320,310	3,315,737	741,524
Proceeds from investments	8,880,184	-	-
Net cash provided by investing activities	<u>10,200,494</u>	<u>3,315,737</u>	<u>741,524</u>
Net increase (decrease) in cash and cash equivalents	10,388,343	29,500,460	3,568,790
Cash and cash equivalents at beginning of year	<u>22,799,861</u>	<u>138,406,294</u>	<u>36,951,687</u>
Cash and cash equivalents at end of year	<u><u>\$ 33,188,204</u></u>	<u><u>\$ 167,906,754</u></u>	<u><u>\$ 40,520,477</u></u>
Cash and cash equivalent components:			
Unrestricted	\$ 23,794,412	\$ 166,381,939	\$ 36,795,139
Restricted	<u>9,393,792</u>	<u>1,524,815</u>	<u>3,725,338</u>
Cash and cash equivalents at end of year	<u><u>\$ 33,188,204</u></u>	<u><u>\$ 167,906,754</u></u>	<u><u>\$ 40,520,477</u></u>
Cash flows from operating activities -			
Operating income (loss)	<u>\$ 8,245,769</u>	<u>\$ (21,547,068)</u>	<u>\$ 3,789,626</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	6,588,078	49,234,710	3,868,158
Recognition of gain on loans	-	-	-
Increase (decrease) due to changes in:			
Accounts receivable	1,390,335	453,541	337,367
Inventory	41,143	-	34,873
Other current assets	19,714	-	20,782
Accounts payable	801,024	560,632	(791,617)
Accrued liabilities affecting operating activities	531,120	-	140,657
Deferred revenue	24,871	-	16,909
Other liabilities	6,704	-	-
Long-term compensation liability	-	-	-
Total adjustments	<u>9,402,989</u>	<u>50,248,883</u>	<u>3,627,129</u>
Loans made to residents and businesses	-	-	-
Principal collected on loans	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u><u>\$ 17,648,758</u></u>	<u><u>\$ 28,701,815</u></u>	<u><u>\$ 7,416,755</u></u>
Noncash transactions affecting financial position:			
Contributions of capital assets from other entities	\$ 4,420,492	\$ -	\$ 1,257,900

The accompanying notes are an integral part of this statement

Housing Loans	Redevelopment Agency	Nonmajor Proprietary Funds	Total	Governmental Activities- Internal Service Funds
1,446,913	1,734,525	339,214	8,898,223	438,201
-	-	-	8,880,184	-
1,446,913	1,734,525	339,214	17,778,407	438,201
1,252,099	(12,670,930)	(1,758,709)	30,280,053	1,608,415
13,667,307	71,702,393	18,923,354	302,450,896	18,817,524
\$ 14,919,406	\$ 59,031,463	\$ 17,164,645	\$ 332,730,949	\$ 20,425,939
\$ 14,919,406	\$ 58,715,472	\$ 15,796,112	\$ 316,402,480	\$ 19,995,546
-	315,991	1,368,533	16,328,469	\$ 430,393
\$ 14,919,406	\$ 59,031,463	\$ 17,164,645	\$ 332,730,949	\$ 20,425,939
\$ (392,765)	\$ (14,353,914)	\$ (538,095)	\$ (24,796,447)	\$ (6,676,082)
-	1,979,116	4,275,039	65,945,101	4,743,157
-	(15,546)	-	(15,546)	-
24,401	-	116,238	2,321,882	-
1,465,446	-	-	1,541,462	283,604
-	721,723	32,027	794,246	1,665,409
202,484	743,331	(223,084)	1,292,770	121,710
31,081	(1,326)	28,943	730,475	913,262
-	-	-	41,780	497,001
-	-	75,893	82,597	-
-	25,207	157,219	182,426	178,651
1,723,412	3,452,505	4,462,275	72,917,193	8,402,794
(4,583,374)	(5,691,319)	-	(10,274,693)	-
3,082,146	11,146,701	-	14,228,847	-
\$ (170,581)	\$ (5,446,027)	\$ 3,924,180	\$ 52,074,900	\$ 1,726,712
\$ -	\$ -	\$ 1,032,712	\$ 6,711,104	\$ -

The accompanying notes are an integral part of this statement

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## Fiduciary Funds

**Deferred Compensation Fund** - This fund is used to account for amounts deferred under the City's employee deferred compensation plan for which the City acts in a fiduciary capacity as trustee.

SALT LAKE CITY CORPORATION  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
June 30, 2009

<u>ASSETS</u>	<u>Deferred Compensation Trust</u>
Restricted investments:	
Utah State Treasurer's Pool	<u>\$ 1,100,384</u>
 <u>NET ASSETS</u>	
Held in trust for pension benefits and other purposes	<u>\$ 1,100,384</u>

The accompanying notes are an integral part of this statement

SALT LAKE CITY CORPORATION  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
Year ended June 30, 2009

	Deferred Compensation Trust
	<u>                    </u>
Additions:	
Investment income	<u>\$          29,103</u>
Total additions	<u>                  29,103</u>
Deductions - benefits	<u>                 152,815</u>
Total deductions	<u>                 152,815</u>
Change in Net Assets	(123,712)
Net Assets July 1, 2008	<u>          1,224,096</u>
Net Assets June 30, 2009	<u><u>          \$     1,100,384</u></u>

The accompanying notes are an integral part of this statement

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## Notes to the Financial Statements

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

1. Summary of Significant Accounting Policies

Salt Lake City Corporation (the City) was incorporated January 6, 1851. The City operates under a Council-Mayor form of government and provides services to residents and businesses in many areas including police and fire protection, street maintenance, refuse collection, planning and zoning, building construction inspection, parks and recreation, prosecution, water, sewer, storm water, airports, and general administrative services.

Reporting Entity

For financial reporting purposes, the reporting entity includes all funds, agencies and authorities for which the City holds corporate powers and all component units for which the City is financially accountable. The Governmental Accounting Standards Board (GASB) in its Statement No. 14, *The Financial Reporting Entity* and Statement No. 39, *Determining Whether Certain Organizations Are Component Units* has established criteria to consider in determining financial accountability. The criteria are: appointment of a majority of the voting members of an organization's governing board, and either (1) the City has the ability to impose its will on the organization or (2) there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the City, the primary government, and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. The following funds, all with fiscal years ended June 30, 2009, have separately issued financial statements that can be obtained from their respective administrative offices: (1) The Arts Council (a special revenue fund), (2) the Water, Sewer and Storm Water Utility Funds (enterprise funds) and (3) the Department of Airports (an enterprise fund).

Blended Component Units

The Municipal Building Authority and the Redevelopment Agency of Salt Lake City are legally separate entities from the City, but are part of the City and are blended into the internal service and enterprise funds, respectively. The Redevelopment Agency has separately issued financial statements for the year ended June 30, 2009, which are available at the Agency's administrative office. The sole purpose of the Municipal Building Authority is to serve the City as a financing agency for debt financed projects. The sole purpose of the Redevelopment Agency is the elimination of blight through the process of redevelopment in designated project areas within the boundaries of the City. The Salt Lake City Council serves as the Board of Directors of both the Municipal Building Authority and the Redevelopment Agency.

Discretely Presented Component Unit

The discrete component unit is the Salt Lake City Library. It is legally separate from, but financially accountable to the City, as the City can impose its will on the Library. It is not financially dependent upon another government organization and should not be presented in any other governmental entity's financial statements. The Library provides services to residents rather than to the City and therefore meets the criteria of a discretely presented component unit. The Salt Lake City Library is a governmental fund and has separately issued financial statements for the year ended June 30, 2009, which are available at the administrative offices of the Library.

Joint Venture

The City is a fifty percent partner with Salt Lake County in a joint venture known as the City/County Landfill. The purpose of this joint venture is to provide solid waste management and disposal services (see note 18).

Related Organizations

The City also has activities with three other related organizations, the Metropolitan Water District, the Housing Authority of Salt Lake City and the Salt Lake City Mosquito Abatement District. City officials appoint members of these three boards, but the City's accountability does not extend beyond making the appointments.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Basis of Presentation - Government-wide and fund financial statements

Government-wide statements are comprised of the statement of net assets and the statement of activities. They contain information on all of the activities of the primary government and its component units except for fiduciary activities. Most effects of inter-fund activities have been eliminated from these statements. The exceptions are (1) payments-in-lieu-of-taxes the General Fund charges enterprise funds; (2) charges for water, sewer, storm-water and refuse that all customers pay to these enterprise funds and (3) charges for centrally provided services of the General Fund that benefit the receiving fund. Examples are payroll, purchasing, human resources and legal services. The government-wide statements for the primary government are separated based on the predominance of the type of revenues that support them. Governmental activities are normally supported by taxes and intergovernmental revenues, while business-type activities receive a significant portion of revenues from fees and charges for services. Certain entities that are legally separate, but financially accountable to the primary government are reported separately on the government-wide statements. The City currently has one of these entities, its discretely presented component unit.

The statement of activities is presented to show the extent that program revenues of a given activity support direct expenses. Direct expenses are those that can clearly be associated with a particular activity or program. Program revenues are: (1) charges to customers or others who purchase use or directly benefit from the services or goods provided by a given activity or segment or (2) grants or other contributions that are restricted to operating or capital needs of a specific activity or segment. General revenues are those revenues like taxes and other items that are not properly reported as program revenues.

Separate financial statements are included for governmental funds, proprietary funds and fiduciary funds. Fiduciary funds, however, are not included in the totals for the government-wide financial statements. Major individual governmental funds are reported in separate columns in the governmental funds statements, as are major individual proprietary funds in the proprietary funds statements.

Measurement focus and basis of accounting

Measurement focus refers to the types of assets that appear on the statement of net assets and changes to those same assets that appear on the statement of activities. The flow of financial resources measurement focus shows current assets and liabilities on the statement of net assets and changes to net current assets in the statement of activities. The flow of economic resources measurement focus shows total assets and liabilities on the statement of net assets and changes to net assets on the statement of activities. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-wide, proprietary and fiduciary fund statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of the timing of the related cash flows. Unbilled fees for proprietary funds are recorded as receivables at year end. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar other contributions are recognized as revenue as soon as the eligibility requirements of the provider have been met.

The City's major enterprise funds are: (1) Water Utility Fund, (2) The Department of Airports, (3) Sewer Utility Fund, (4) Housing Loans Fund and (5) Redevelopment Agency of Salt Lake City, whose purpose is described previously in the section titled "Blended Component Units". The Water Utility collects or purchases fresh water, then treats it, and delivers the now potable water to nearly all residents and business located in the City and many residents and business located geographically outside the boundaries of the City. The Department of Airports operates the Salt Lake City International Airport, Airport II and the Tooele Valley Airport, the latter two of which are located outside the boundaries of The City. The Housing Loans Fund provides loans to low and moderate-income families and individuals. Resources for these loans are received from a variety of sources including federal government, state government, financial institutions and internally generated sources. The Housing Loans Fund also services these same loans. The Sewer Utility Fund provides treatment and disposition services for waste water.

In addition to the major enterprise funds, The City also operates four non-major enterprise funds and five internal service funds. The non-major enterprise funds are the Intermodal Hub, Storm Water Utility, Golf and Refuse. The Intermodal Hub is a fund whose purpose is to provide a central connecting point between the City's inter-

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

state passenger bus and rail lines to the commuter bus and light rail systems. The Storm Water Utility provides treatment and disposition services for storm runoff. The Golf Fund operates all City owned golf courses, while the Refuse Fund provides refuse collection and recycling services for residences and businesses of the City. Internal service funds provide services to other departments or agencies of the City on a cost reimbursement basis. The internal service funds are Fleet Management, Information Management, Risk Management, Governmental Immunity and the Municipal Building Authority. The Fleet Management fund owns and services all vehicles of the governmental funds and services vehicles owned by many of the enterprise funds. Information Management maintains the infrastructure for the hard-wired telephone system, centralized computer services and the network of personal computers. Risk Management provides centralized services for the employee benefits of health, life, accident, dental, long-term disability as well as unemployment, workers' compensation and property insurance needs. The Governmental Immunity Fund manages the City's general liability activities. The Municipal Building Authority's purpose is discussed previously in the section titled "Blended Component Units".

The fiduciary fund is the Executive Deferred Compensation Fund. The City is the trustee for this fund and manages it in accordance with provisions of the Utah State Money Management Act and the City's own ordinances, policies and procedures. In the past, city executives could elect to have some or all of their deferred compensation contributed to this fund, but it is now closed to further contributions.

Proprietary funds separate operating and non-operating revenues and expenses. Operating revenues and expenses normally arise from providing goods and services in connection with the fund's normal ongoing operations. The principal source of operating revenues for the proprietary funds and the internal service funds are charges to customers for goods and services. Operating expenses include the cost of sales and services, administrative overhead expenses and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

The City has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*. Accordingly, the City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Consequently, the City does not apply FASB pronouncements issued after November 30, 1989.

Governmental fund statements use the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become 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. As a practical matter, the City uses two months as a cutoff for meeting the available criterion. Property taxes are considered "measurable" when levied and available when collected and held by Salt Lake County (the County). Any amounts not available are recorded as deferred revenue. Franchise taxes are considered "measurable" when collected and held by the utility company, and are recognized as revenue at that time. Other revenues that are determined to be susceptible to accrual include grants-in-aid earned and other intergovernmental revenues, charges for services, interest, assessments, inter-fund service charges, permits, fines, forfeitures, parking ticket and meter fees, and sale of property. Property taxes and assessments are recorded as receivables when levied or assessed; however, they are reported as deferred revenue until the "available" criterion has been met. Sales and use taxes collected by the state and remitted to the City within the "available" time period are recognized as revenue. Revenues collected in advance are deferred and recognized in the period to which they apply.

Revenues that are determined to not be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period (two months) or are not objectively measurable include licenses, contributions, and miscellaneous revenues. These revenues are recognized when cash is received.

Expenditures are recognized in the accounting period in which the fund liability is incurred, except for long-term obligations (debt service payments, long term compensated absences and other post employment benefits) and related interest which are recognized as expenditures when due. Inventories of supplies are expended when purchased.



SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

The City has two major governmental funds, the General Fund and the Capital Projects Fund. The General Fund is the main operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund. The Capital Projects Fund accounts for resources dedicated to the construction or improvement of capital assets, which may take more than one budgetary cycle to complete. These constructed or improved capital assets are for the benefit of any or all governmental funds. In addition to the listed major governmental funds, the City also has a total of ten non-major governmental funds: (1) the Arts Council, (2) Downtown Economic Development, (3) Community Development Block Grant (CDBG) Operating, (4) Other Grants Operating, (5) Street Lighting, (6) Demolition, Weed & Forfeiture, (7) Emergency 911 Dispatch, (8) Salt Lake City Donation, (9) Special Improvement Debt Service and (10) Other Improvements Debt Service. As their name implies, the last two are debt service funds while the first eight are special revenue funds.

Budgets and budgetary accounting

Budgets are legally required for governmental funds. The City has a policy of budgeting for proprietary funds. Annual budgets are prepared and adopted by the City Council on or before June 15 for the fiscal year commencing the following July 1, in accordance with Utah State law. The operating budget includes proposed expenditures and the proposed sources of financing for such expenditures. Prior to June 15, a public hearing is conducted to obtain taxpayer input. Budgets are adopted by ordinance in total for each department. Expenditures cannot exceed appropriations at the department level. For budgetary purposes, the City considers each enterprise fund to be a department. Management can move budgeted amounts from one line item to another within a department or decrease appropriations. The City Council can increase appropriations after holding a public hearing. During the year ended June 30, 2009, the City Council passed several supplementary appropriations.

The General Fund budget is prepared using the modified accrual basis of accounting adjusted for encumbrances and changes in compensated absences. Encumbrance accounting is used by the City to assure effective budgetary control and accountability, and to comply with State law. However, only the General Fund budget is prepared under the assumption that actual expenditures will be adjusted for encumbrances. Unencumbered General Fund appropriations lapse at year end. Encumbered amounts carry over to the subsequent year and are shown as a reservation of fund balance. Generally accepted accounting principles require that open encumbrances not be reported with expenditures. However, in the General Fund budget to actual financial statement, the actual amounts are adjusted to include encumbrances. Compensated absences are budgeted on a cash basis. Non-cash changes in the balances of compensated absences are therefore eliminated for budgetary purposes. Capital lease purchases are budgeted in the year payments are due rather than in the year purchased.

Budgets for the Special Revenue Funds, Debt Service Funds and the Capital Projects Fund are also prepared using the modified accrual basis of accounting and are adopted on an annual basis. The budget for the Community Development Operating, Grants Operating (special revenue funds), and the Capital Projects Fund are prepared annually for a specific set of projects. The Debt Service Funds' budgets are not prepared by project. By state law only budgets in the Capital Projects Fund do not lapse at year-end. Therefore, any remaining budget in the Grants Operating Fund and the Community Development Operating Fund are re-appropriated by Council action in the following year. State law also requires a budget comparison for all funds for which an annual budget is adopted. In these three funds, the Council adopts the entire amount of the project, even though the project may not be completed in the first year. As a result, the budget comparisons on an annual basis may show large amounts of unexpended appropriations. Budgets for the Downtown Economic Development Fund, Street Lighting Fund, Demolition, Weed Abatement & Forfeiture Fund, and Emergency 911 Fund (special revenue funds) lapse at year end. Encumbrances are not reported as expenditures, but where necessary, are re-appropriated in the ensuing year's budget.

Budgets for the proprietary funds are prepared using the accrual basis of accounting except for depreciation, lease amortization, and the change in compensated absences, which are not budgeted. Budgets are adopted for the entire amount of estimated proceeds from the sale of property and equipment rather than on the gain or loss from the sale as is reported in the financial statements. Budgets are also adopted for the entire amount of any debt issued to finance multi-year acquisition and construction projects. Budget comparisons in the proprietary funds may therefore show large amounts of unexpended appropriations for construction projects. These unexpended amounts are re-appropriated the following year.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Cash, Cash Equivalents and Investments

The City complies with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires certain investments to be reported at fair value and the change in fair value to be included in revenues or expenses. The City's policy is to report all investments at fair value except for money market investments and interest-earning investment contracts with a remaining maturity at time of purchase of ninety days or less. These are reported at amortized cost. The City's investment in the State Treasurer's Pool has a fair value equivalent 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. In all statements, the City considers all highly liquid investments (including restricted assets) that mature within ninety days or less when purchased to be cash equivalents.

Inventories of supplies

Inventories of supplies for the proprietary fund types are stated at the lower of cost (using the first-in first-out method) or market. In the proprietary funds, inventory items are considered expenses when used (consumption method).

Depreciable capital assets

Capital assets are valued at historical cost or estimated historical cost for assets where actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. The City has a capitalization threshold of \$100,000 for infrastructure in the public right of way and \$5,000 for all other assets. The City follows GAAP by capitalizing a portion of its interest costs (net of any interest earned on related interest bearing investments acquired with proceeds of related tax-exempt borrowings) as a cost of constructed property and equipment in enterprise funds. Net interest capitalized for the year ended June 30, 2009, was \$1,385,918. Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives:

Buildings	35-60 years
Building improvements	5-40 years
Improvements other than buildings	25-35 years
Machinery and equipment, including leased property under capital leases	3-20 years
Infrastructure in public way; Roads, signals, lights and bridges	20-50 years
Water and sewer lines	13-100 years
Construction in Progress is not depreciated until the asset is placed into service	

Bond Issuance Costs and Amortization

Amortization of bond premiums or discounts are computed on the effective interest or straight-line method over the life of the related bonds. When the straight-line method is used, it approximates the effective interest method. Bond issue costs are amortized using the straight line method.

Property taxes

Ad valorem (based on value) property taxes constitute a major source of General Fund revenue. Taxes are levied through the passage of an ordinance in June of each year. The levy is applicable to only one year. All taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of its fair market value. The State Tax Commission is required to assess certain statutorily specified types of property including public utilities and mining property. The county assessor is required to assess all other taxable property, and both entities are required to assess the respective types of property as of January 1, the assessment date. The County is then required to complete the tax rolls

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

by May 15. By July 21, the county treasurer is to mail assessed value and tax notices to property owners. Then a taxpayer may petition the county board of equalization between August 1 and August 15 for a revision of the assessed value. Approved changes in assessed value are made by the county auditor by November 1 and on this same date the auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30, and delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, 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. With the July 1, 2000 adoption of Governmental Accounting Standards Board (GASB) Statement No. 33, more fully described below, the City changed its accounting for property taxes.

GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, defines a non-exchange transaction as one in which “a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.” For property taxes, at January 1 of each year (the assessment date), The City has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable and a corresponding deferred revenue for the assessed amount of those property taxes as of January 1, 2009.

Interfund transactions

In the normal course of its operations, the City has various transactions between funds. Various City funds provide a number of services such as administrative, fleet maintenance, and information processing to certain other City funds. Charges are treated as revenues in the fund providing the service and as operating expenses in the fund receiving the service (see note 9). Transfers are recognized as transfers in and out, respectively, by the funds receiving and providing the transfer. Short-term payables are shown as due to/from other funds. Long-term payables are shown as advances to/from other funds.

Long-term liabilities

Long-term liabilities that will be financed from governmental funds are accounted for in the governmental activities portion of the government-wide statements, while those of proprietary funds are accounted for in their respective fund.

Use of Fund Balance

When both restricted and unrestricted fund balance is available to use for expenditure appropriation, the City’s policy is to use restricted fund balance first.

Net Assets

The City’s net assets are classified as follows: (1) Invested in capital assets, net of related debt, which consists of the total investment in capital assets, net of accumulated depreciation and reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt; (2) Restricted for capital projects are amounts that are restricted by debt covenants to be expended for capital assets; (3) Restricted for debt service consists of that portion of net assets that is restricted by debt covenants for debt service; (4) Unrestricted net assets consist of everything else that does not meet the criteria above.

Land and buildings held for resale

The cost of land and buildings held for resale in the Housing Loans Fund and Redevelopment Agency (enterprise funds) are capitalized until the related property is subsequently sold. Land and buildings held for resale are carried at the lower of cost, market, or committed sales price. Costs of buildings and improvements that management determines are not recoverable are expensed. Gains and losses on dispositions of land and buildings held for resale are included in the operating statement.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the management of the City to make estimates and assumptions that affect the reported amounts of assets and liabilities. Estimate use also requires the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Total columns

The total columns shown on the accompanying fund financial statements are mathematical totals only and do not eliminate inter-fund transactions or include other entries required to present consolidated financial statements. The government-wide financial statements do, however, eliminate most inter-fund transactions and the double counting of revenues and expenses. They are therefore much closer to the consolidated financial statements presented in private sector accounting.

2. Cash, Cash Equivalents and Investments

The City maintains a cash pool and an investment pool that are available for use by all funds. Each fund type's portion of these pools is included in the combined balance sheet as "Cash and cash equivalents" and "Investments". Also included are investments separately held by several of the City's funds.

It is the policy of Salt Lake City Corporation to invest public funds in accordance with the principles of sound treasury management and in compliance with state and local laws, regulations, and other policies governing the investment of public funds, specifically, according to the terms and conditions of the Utah State Money Management Act of 1974 and Rules of the State Money Management Council as currently amended (the "Act"), and the City's own written investment policy.

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). 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). Only Qualified Depositories as certified by Utah's Commissioner of Financial Institutions are eligible to receive and hold deposits of public funds. (Rule 12 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. Transactions involving authorized deposits or investments of public funds may be conducted only through issuers of securities authorized by Section 51-7-11(3), qualified depositories included in the current state list and certified dealers included in the current state list. 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.

The City may place public money in investments/deposits authorized by the Money Management Act (U.C.A. 51-7-11). The Treasurer shall ensure that all purchases and sales of securities are settled within 15 days of the trade date. In general these investments can be any of the following subject to restrictions specified in the Act: (1) Obligations of the U.S. Treasury and most Government-Sponsored Agencies; (2) Commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard & Poor's; (3) Bankers' Acceptances; (4) Publicly traded fixed rate corporate obligations rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; (5) Certain variable rate securities and deposits with the same rating requirements as the fixed rate corporate obligations; (6) Utah State Public Treasurer's Investment Pool; (7) Certain fixed rate negotiable deposits with a qualified depository or through a certified dealer; (8) Qualifying repurchase agreements; (9) Open-end managed money market mutual funds; (10) Investments with deferred compensation plan administrators.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

The City did not enter into any reverse repurchase agreements during the year ended June 30, 2009.

City policy provides that not more than 25% of total City funds or 25% of the qualified depository's allotment, whichever is less, can be invested in any one qualified depository. Not more than 20% of total City funds may be invested in any one certified out-of-state depository institution. However, there shall be no limitation placed on the amount invested with the Public Treasurers' Investment Fund (State Treasurer's Pool) and other money market mutual funds, provided that the overall standards of investments achieve the City's policy objectives.

The City's deposits are insured up to \$250,000 per account by the Federal Deposit Insurance Corporation. Deposits above the \$250,000 per account are exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The bank balance of the Primary Government's deposits totaled \$2,555,005. Of this amount, \$258,146 was insured and the remaining \$2,296,859 was uninsured and uncollateralized. The bank balance of the Library component unit totaled \$284,670, \$250,000 of it insured by federal depository insurance. The City has no formal policy regarding deposit credit risk.

Investments - The City Treasurer may take physical delivery of securities or may use a qualified depository bank for safekeeping securities. An account with a money center bank may be maintained for the purpose of settling investment transactions, safekeeping and collecting those investments. A safekeeping receipt issued by a qualified depository supports repurchase agreements with qualified depositories; otherwise, the securities are held in the custody of the City Treasurer or the City's safekeeping bank or trust company. Online access to accounts and monthly statements support investments in the State Treasurer's Pool. All funds pledged or otherwise dedicated to the payment of interest and principal of bonds issued by the City are invested in accordance with the terms and borrowing instruments applicable to such bonds. City policy also provides that the remaining term to maturity of an investment may not exceed the period of availability of the funds invested. The investment of City funds cannot be of a speculative nature.

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Of the total \$485,347,403 invested by the City, \$12,387,441 was exposed to custodial credit risk. The entire amount exposed was held in the City's name by the counterparty. The Library Component unit had \$445,721 exposed to custodial credit risk with the entire amount held in the City's name by the counter party. The City has no formal policy with respect to investment custodial credit risk.

Investment interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City currently has no policy regarding investment interest rate risk. The table on the following page shows the maturities of the City's investments.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

	Fair Value	Investments maturities (in years)			
		Less than 1	1 - 5	6 - 10	More than 10
Primary government:					
Debt Securities					
U.S. Agency Notes	\$ 13,211,200	\$ 8,063,400	\$ 5,147,800	\$ -	\$ -
U.S. Treasury Notes	1,005,700	1,005,700	-	-	-
Money market mutual funds	26,685,950	26,685,950	-	-	-
Repurchase agreements	7,276,967	7,276,967	-	-	-
	<u>48,179,817</u>	<u>\$ 43,032,017</u>	<u>\$ 5,147,800</u>	<u>\$ -</u>	<u>\$ -</u>
Other investments					
Investment in State Treasurer's Pool	437,167,586				
Total investments, primary government	<u>\$ 485,347,403</u>				
Component units:					
Debt Securities -					
Repurchase agreements	\$ 365,470	<u>\$ 365,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other investments					
Annuity	134,338				
Investment in State Treasurer's Pool	7,907,188				
Total investments, component units	<u>\$ 8,406,996</u>				

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Salt Lake City's policy is to follow the previously described Utah Money Management Act to reduce exposure to investment credit risk. The City's rated debt investments are shown in the table below using Standard and Poor's rating scale. The Library Component unit did not have any investments subject to investment credit risk.

	Fair Value	Quality Ratings			
		AAAm	Am	A1m	Unrated
Primary government:					
Debt Securities					
U.S. Agency Notes	\$ 13,211,200	\$ 13,211,200	\$ -	\$ -	\$ -
U.S. Treasury Notes	1,005,700	1,005,700	-	-	-
Money market mutual funds	26,685,950	26,685,950	-	-	-
Repurchase agreements	7,276,967	-	-	-	7,276,967
Investment in State Treasurer's Pool	437,167,586	-	-	-	437,167,586

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Salt Lake City's policy is to follow the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5% and 10% depending upon the total dollar amount held in the portfolio. The City had no debt securities investments as of June 30, 2009 with more than 5% of total investments.

A summary of restricted and unrestricted cash, cash equivalents and investments at June 30, 2009 is on the following page.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

	Primary Government	Component Units
Unrestricted cash and cash equivalents	\$ 410,366,942	\$ 659,326
Restricted cash and cash equivalents	62,000,700	-
Unrestricted investments	10,185,117	8,041,526
Restricted investments	1,100,384	-
Total	\$ 483,653,143	\$ 8,700,852
Deposits (book balance)	\$ (1,758,378)	\$ 292,481
Investments	485,347,403	8,406,996
Cash on hand	64,118	1,375
Total	\$ 483,653,143	\$ 8,700,852

Included in both deposits and investments are cash equivalents with an original maturity of ninety days or less. For statement of cash flows and balance sheet purposes, only those items with maturities of ninety days or less when purchased are considered cash and cash equivalents. The Primary Government shows a negative balance for deposits. This occurred because of the normal practice of investing bank "collected" balance in an overnight repurchase agreement which shows as an investment rather than a deposit. This collected balance includes amounts invested that show as outstanding checks on the bank reconciliation.

### 3. Loans Receivable

The Housing Loans Fund (an enterprise fund) provides loans to residents for improvements in existing housing within designated project areas. It also provides mortgage loans to residents within the same designated project areas. Some loans are payable in monthly installments, others are due on sale or transfer of ownership of the related property, and other loan payments are deferred. These loans have interest rates ranging from 0% to 7% and are collateralized by property or a letter of credit. Housing loans receivable as of June 30, 2009 were \$39,737,185, net of \$2,800,314 estimated as uncollectible.

The Grants Operating Fund (a special revenue fund) provides loans for commercial construction. The loans receivable at June 30, 2009 were \$3,029,719. Most of these loans are payable in monthly or quarterly installments. One loan has no payment due until the related housing project realizes an operating profit, though interest continues to accrue. These loans have interest rates ranging from 0% to 8.5% and are collateralized by trust deeds on property with the City as a second mortgage holder or by equipment and other assets.

The Redevelopment Agency (RDA - an enterprise fund) provides housing loans to homeowners and construction loans to contractors within a designated area of the City. These loans total \$29,759,166 at June 30, 2009, are payable in monthly installments, bear interest from 0% to 7.0% and are collateralized by property, letters of credit or restricted cash accounts.

### 4. Restricted Assets

The bond resolutions require all bond proceeds and revenue earned on bond proceeds to be restricted to the payment of bond construction projects specified within the resolutions, the payment of bond principal and interest, and the renewal and replacement of specified property and equipment. Certain Water Utility certificates of deposit are also restricted for consumer deposits and for contributions for reservoir and supply line construction.

Restricted assets in the Department of Airports (an enterprise fund) are restricted for construction projects at the Airport under the Passenger Facilities Charges (PFC) Program agreement.

Restricted assets in the Redevelopment Agency (an enterprise fund) are restricted by provision of bond resolutions.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Restricted assets in the Demolition, Weed and Forfeiture special revenue fund are restricted while awaiting the adjudication of Police Department asset seizures related to criminal cases.

Restricted assets in the Capital Projects Fund are restricted debt proceeds to be used for capital construction.

Restricted assets in the Water, Sewer and Storm Water Utilities (enterprise funds) are restricted by bond resolution or contractual agreement for debt service.

Restricted assets in the Fleet Management internal service fund are assets held by a trustee and are restricted for the purchase of capital equipment funded by debt proceeds.

Restricted assets in the Other Improvement debt service funds are restricted for debt service.

5. Capital Assets

The following table and the one on the following page summarize the changes in capital assets for governmental and business-type activities during the year ended June 30, 2009:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 175,224,789	\$ 3,815,774	\$ (4,242)	\$ 179,036,321
Construction in progress	14,100,073	18,148,445	(11,830,975)	20,417,543
Total capital assets, not being depreciated	<u>189,324,862</u>	<u>21,964,219</u>	<u>(11,835,217)</u>	<u>199,453,864</u>
Capital assets, being depreciated				
Buildings	198,800,307	4,181,235	-	202,981,542
Improvements other than buildings	30,773,120	4,718,066	-	35,491,186
Machinery and equipment	85,228,764	7,590,654	(6,066,539)	86,752,879
Infrastructure	239,793,367	16,037,128	(6,030,169)	249,800,326
Total capital assets being depreciated	<u>554,595,558</u>	<u>32,527,083</u>	<u>(12,096,708)</u>	<u>575,025,933</u>
Less accumulated depreciation:				
Buildings	36,703,351	4,697,991	-	41,401,342
Improvements other than buildings	9,253,174	1,079,469	-	10,332,643
Machinery and equipment	53,977,191	7,030,370	(5,471,239)	55,536,322
Infrastructure	99,521,304	7,695,739	(6,030,169)	101,186,874
Total accumulated depreciation	<u>199,455,020</u>	<u>20,503,569</u>	<u>(11,501,408)</u>	<u>208,457,181</u>
Total capital assets, being depreciated net	<u>355,140,538</u>	<u>12,023,514</u>	<u>(595,300)</u>	<u>366,568,752</u>
Governmental activities capital assets, net	<u>\$ 544,465,400</u>	<u>\$ 33,987,733</u>	<u>\$ (12,430,517)</u>	<u>\$ 566,022,616</u>



SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

5. Capital Assets - Continued

Business-type activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 148,910,702	\$ 10,857,977	\$ -	\$ 159,768,679
Construction in progress	68,987,260	36,690,197	(23,886,935)	81,790,522
Total capital assets, not being depreciated	<u>217,897,962</u>	<u>47,548,174</u>	<u>(23,886,935)</u>	<u>241,559,201</u>
Capital assets, being depreciated				
Buildings	464,164,664	13,737,819	(1,697,578)	476,204,905
Improvements other than buildings	1,147,460,350	27,204,320	(13,629,054)	1,161,035,616
Machinery and equipment	168,864,451	21,175,048	(8,057,891)	181,981,608
Total capital assets being depreciated	<u>1,780,489,465</u>	<u>62,117,187</u>	<u>(23,384,523)</u>	<u>1,819,222,129</u>
Less accumulated depreciation:				
Buildings	190,298,382	14,967,415	(1,595,908)	203,669,889
Improvements other than buildings	454,442,100	38,867,144	(13,620,191)	479,689,053
Machinery and equipment	102,309,607	12,016,688	(6,696,076)	107,630,219
Total accumulated depreciation	<u>747,050,089</u>	<u>65,851,247</u>	<u>(21,912,175)</u>	<u>790,989,161</u>
Total capital assets, being depreciated net	<u>1,033,439,376</u>	<u>(3,734,060)</u>	<u>(1,472,348)</u>	<u>1,028,232,968</u>
Business-type activities capital assets, net	<u>\$ 1,251,337,338</u>	<u>\$ 43,814,114</u>	<u>\$ (25,359,283)</u>	<u>\$ 1,269,792,169</u>

Depreciation expense for the year ended June 30, 2009 for governmental and business type activities is shown in the table below:

	Depreciation Expense
Governmental activities:	
General Government	\$ 2,377,637
City Council	6,207
Mayor	6,393
City Attorney	10,698
Management Services	682,525
Fire	474,016
Police	1,255,273
Community and Economic Development	176,475
Public Services	3,075,448
Infrastructure Depreciation	7,695,740
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	4,743,157
Total depreciation expense - governmental activities	<u>\$ 20,503,569</u>
Business-type activities:	
Water	\$ 6,562,154
Airport Authority	49,234,710
Sewer	3,853,671
Redevelopment Agency	1,933,751
Other activities	4,266,961
Total depreciation expense - business-type activities	<u>\$ 65,851,247</u>

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Capital asset information for the City's component unit, the Salt Lake City Library is as follows:

Component Unit - Library	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 770,689	\$ -	\$ -	\$ 770,689
Total capital assets, not being depreciated	<u>770,689</u>	<u>-</u>	<u>-</u>	<u>770,689</u>
Capital assets, being depreciated				
Buildings	8,371,033	53,358	-	8,424,391
Improvements other than buildings	317,116	-	-	317,116
Machinery and equipment	19,338,458	1,829,233	(1,640,637)	19,527,054
Total capital assets being depreciated	<u>28,026,607</u>	<u>1,882,591</u>	<u>(1,640,637)</u>	<u>28,268,561</u>
Less accumulated depreciation:				
Buildings	3,716,332	375,135	-	4,091,467
Improvements other than buildings	288,602	12,629	-	301,231
Machinery and equipment	11,306,998	2,217,109	(1,640,637)	11,883,470
Total accumulated depreciation	<u>15,311,932</u>	<u>2,604,873</u>	<u>(1,640,637)</u>	<u>16,276,168</u>
Total capital assets, being depreciated net	<u>12,714,675</u>	<u>(722,282)</u>	<u>-</u>	<u>11,992,393</u>
Component unit capital assets, net	<u>\$ 13,485,364</u>	<u>\$ (722,282)</u>	<u>\$ -</u>	<u>\$ 12,763,082</u>

6. Long-term obligations

Changes in long-term obligations

Revenue bonds and other long-term liabilities directly related to and intended to be paid from proprietary funds are included in the accounts of such funds. All other long-term obligations of the City are accounted for in the Governmental Activities of the government-wide statements. The table on the following page summarizes changes in long-term obligations for the year ended June 30, 2009.

**SALT LAKE CITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

Long Term Debt	Amount of Original Issue (bonds only)	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009	Due Within One Year
<b>Governmental Activities</b>						
General obligation bonds - 1999	\$ 81,000,000	\$ 7,850,000	\$ -	\$ 3,715,000	\$ 4,135,000	\$ 3,895,000
General obligation bonds - 2001	22,650,000	7,970,000	-	2,530,000	5,440,000	2,650,000
General obligation bonds - 2002	48,855,000	47,216,914	-	190,872	47,026,042	180,000
General obligation bonds - 2004	11,300,000	9,612,138	-	470,987	9,141,151	475,000
General obligation bonds - 2009A	800,000	-	800,000	-	800,000	50,000
General obligation bonds - 2009B	10,200,000	-	10,281,804	187	10,281,617	370,000
Special improvement bonds	4,958,000	2,300,000	380,000	429,000	2,251,000	434,000
Sales tax revenue bonds - 2004	17,300,000	10,189,215	-	1,350,167	8,839,048	1,430,000
Sales tax revenue bonds - 2005	47,355,000	43,584,574	-	1,853,788	41,730,786	1,875,000
Sales tax revenue bonds - 2007	8,590,000	8,145,819	-	338,010	7,807,809	360,000
Sales tax revenue bonds - 2009	36,240,000	-	38,165,211	55,073	38,110,138	980,000
Motor fuel excise tax revenue bonds - 1999	5,155,000	690,000	-	690,000	-	-
General compensated absences		16,484,103	9,385,545	9,594,526	16,275,122	1,662,549
<b>Internal Service Fund Debt:</b>						
ISF GE Capital Finance Note		6,800,988	1,556,223	3,300,979	5,056,232	2,228,170
ISF compensated absences		1,299,960	804,739	836,150	1,268,549	175,912
Total Governmental long-term debt		<u>\$ 162,143,711</u>	<u>\$ 61,373,522</u>	<u>\$ 25,354,739</u>	<u>\$ 198,162,494</u>	<u>\$ 16,765,631</u>
<b>Business-type Activities</b>						
Sewer 2004 Series	\$ 23,525,800	\$ 21,870,076	\$ -	\$ 955,332	\$ 20,914,744	\$ 908,200
Storm 2004 Series	7,429,200	6,906,340	-	301,684	6,604,656	286,800
Water 2005 Series	11,075,000	10,389,085	-	993,311	9,395,774	1,015,000
Water 2008 Series	14,800,000	14,864,879	-	728,632	14,136,247	720,000
Redevelopment Agency 1990 tax increment	24,268,008	11,361,527	-	2,014,776	9,346,751	1,858,952
Redevelopment Agency 1997A tax increment	16,505,000	1,771,031	-	1,771,031	-	-
Redevelopment Agency 1998A tax increment	24,600,000	3,000,000	-	3,000,000	-	-
Redevelopment Agency 2002A tax increment	16,190,000	7,615,973	-	916,191	6,699,782	1,005,000
Enterprise GE Capital Finance Note		2,258,366	2,801,020	1,099,277	3,960,109	1,520,159
Loan financing notes		13,608,141	1,866,346	849,504	14,624,983	830,428
Enterprise compensated absences		8,204,634	6,697,283	6,272,569	8,629,348	1,321,430
Total Business-type long-term debt		<u>101,850,052</u>	<u>11,364,649</u>	<u>18,902,307</u>	<u>94,312,394</u>	<u>9,465,969</u>
Total long-term debt		<u>\$ 263,993,763</u>	<u>\$ 72,738,171</u>	<u>\$ 44,257,046</u>	<u>\$ 292,474,888</u>	<u>\$ 26,231,600</u>
<b>Component Units</b>						
Library compensation liability		\$ 269,865	\$ 13,653	\$ -	\$ 283,518	\$ 56,097
Total component unit long-term debt		<u>\$ 269,865</u>	<u>\$ 13,653</u>	<u>\$ -</u>	<u>\$ 283,518</u>	<u>\$ 56,097</u>

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

The annual debt requirements to maturity, including principal and interest, as of June 30, 2009 are listed in the following tables for debt with regularly scheduled payments:

Year Ending June 30	Revenue Bonds				General Obligation Bonds	
	Governmental Activities		Business Activities		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 4,645,000	\$ 4,436,917	\$ 5,793,952	\$ 8,682,187	\$ 7,620,000	\$ 3,841,088
2011	5,025,000	4,053,704	5,835,305	8,593,303	7,995,000	3,464,879
2012	5,250,000	3,831,626	5,890,595	8,473,859	5,455,000	3,062,368
2013	5,480,000	3,598,670	5,963,203	8,347,346	5,720,000	2,784,801
2014	5,710,000	3,363,354	6,094,887	8,216,969	5,985,000	2,488,822
2015-2019	32,845,000	12,493,872	19,543,809	12,974,702	34,575,000	7,478,373
2020-2024	22,825,000	5,054,164	16,025,000	1,988,417	6,375,000	1,544,378
2025-2028	13,390,000	1,652,457	-	-	3,290,000	430,088
Subtotal	95,170,000	38,484,764	65,146,751	57,276,783	77,015,000	25,094,797
Less discount and deferred loss	(1,317,781)	-	(1,951,203)	-	191,190	-
Net debt	\$ 96,487,781	\$ 38,484,764	\$ 67,097,954	\$ 57,276,783	\$ 76,823,810	\$ 25,094,797

Year Ending June 30	Special Assessment Bonds		Other Debt			
	Governmental Activities		Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 434,000	\$ 89,549	\$ 2,228,170	\$ 153,054	\$ 2,350,587	\$ 893,960
2011	452,000	72,322	1,501,471	76,876	1,987,435	801,999
2012	469,000	53,874	1,028,774	32,861	1,388,547	722,939
2013	403,000	36,055	297,817	6,105	1,283,000	659,910
2014	137,000	21,778	-	-	1,173,771	598,677
2015-2019	356,000	27,721	-	-	4,875,117	2,172,474
2020-2024	-	-	-	-	3,902,209	918,533
2025-2028	-	-	-	-	1,526,871	180,971
2029-2033	-	-	-	-	97,555	1,669
Total	\$ 2,251,000	\$ 301,299	\$ 5,056,232	\$ 268,896	\$ 18,585,092	\$ 6,951,132

Compensation Liabilities (Compensated Absences)

Vacation leave, compensatory leave, and the portion of sick leave that will eventually be paid are recognized as liabilities as they are earned. In the event of termination or retirement, an employee is reimbursed for unused accumulated vacation. Employees participating in Plan A are reimbursed for 25% of unused accumulated sick leave upon retirement, while those employees participating in Plan B are reimbursed for 50% of the earned balance of personal leave upon separation or retirement. Upon retirement any unused severance account balance is reimbursed at 100%. The liability for accumulated compensated absences at June 30, 2009 is reported in the individual funds except for the long-term portion relating to the governmental funds, which is recorded in the Governmental Activities column of the Government-wide Statements. Compensated absence liabilities in the enterprise and internal service funds have traditionally been liquidated by the specific enterprise or internal service fund to which the employee's salary is charged. For governmental funds, any compensated absence liability has typically been liquidated by the General Fund.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

General Obligation Bonds

On March 1, 2001, The City issued \$22,650,000 in General Obligation Refunding Bonds Series 2001 with a final maturity in fiscal year 2011 and interest rates of 4.00 to 5.50 percent. The bonds were issued to fully pay all 1986 General Obligation bonds, including accrued interest, with maturity dates after June 15, 2001. The bond proceeds, including premium and accrued interest totaled \$23,770,390. The Series 2001 bonds are not subject to call and redemption prior to maturity.

On October 1, 1999, The City issued general obligation bonds in the amount of \$81,000,000 at interest rates of 5.00 to 5.75 percent and a final maturity date in fiscal 2019. The bonds were issued to demolish vacant courts and jail complexes, construct a new 200,000 square foot main library building, an adjacent plaza and an underground parking garage, make related improvements on the same block and replace a boiler system that serves current and future buildings on the block and on the block directly east. Part of the proceeds were used to defease a portion of the MBA Series 1993A bonds that were used to improve part of the demolished facilities (see below for a more detailed description of the defeasance). The bonds maturing on or prior to June 15, 2010 are not subject to optional redemption prior to maturity, while those maturing on or after June 15, 2011 are subject to redemption at the election of the City on June 15, 2010 and on any date thereafter, prior to maturity. The redemption price is equal to 100% of the principal amount plus accrued interest on the bonds redeemed. As noted below a portion of the 1999 bonds were defeased on August 7, 2002. The remaining balance of the defeased bonds at June 30, 2009 was \$45,355,000.

On August 7, 2002, The City issued General Obligation Bonds, Series 2002 with a par amount of \$48,855,000, an original issue premium amount of \$5,236,688 and issuance cost of \$312,670, netting to \$53,779,018. The proceeds of this bond were used for: (1) \$3,106,376 for City construction and (2) \$50,672,642 deposited in an irrevocable escrow account with an escrow agent to provide for all future debt service payments on the affected \$45,355,000 portion of the 1999 bonds. As a result, \$45,355,000 is considered to be defeased and the liability for those bonds was removed from the balance sheet. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5,317,642. This difference, reported as a reduction in bonds payable is charged as interest expense through June 30, 2019 using the effective interest method. The Series 2002 General Obligation Bonds maturing on or prior to June 15, 2017, are not subject to call and redemption prior to maturity. Those maturing on or after June 15, 2018 are subject to redemption at the option of the City on or any date after June 15, 2012. The redemption price is 100% plus accrued interest to the redemption date.

On April 22, 2004, the City issued General Obligation Bonds Series 2004A (Series 2004A) with a par amount of \$11,300,000. The bonds were issued with a premium of \$98,956 and the City paid \$169,463 in issue costs, resulting in net proceeds of \$11,229,493. The purpose of the bonds is to make improvements at Hogle Zoo and Tracey Aviary. The improvements at the zoo include an expansion of the elephant and rhinoceros exhibit along with the expansion and renovation of the feline building. The Tracey Aviary project consists of the acquisition and construction of an outdoor exhibit that includes yards, an enclosed walk-through flight cage, holding spaces and viewing areas. Bonds maturing on or prior to June 15, 2014 are not subject to call and redemption prior to maturity. Bonds maturing on or after June 15, 2015 are subject to redemption at the option of the City on June 15, 2014 or on any date thereafter, in whole or in part, as selected by the City at the redemption price of 100% of the principal amount plus any accrued interest to the redemption date.

On January 20, 2009, the City issued General Obligation Bonds Series 2009A (Series 2009A) in the amount of \$800,000. The bonds were issued at par and the City paid \$31,200 in issuance costs resulting in net proceeds of \$768,800. The bonds were issued at interest rates of 2.81% to 5.67% and have a final maturity in fiscal 2018. The purpose of the bonds is to acquire land and easements in order to create or preserve open space within the boundaries of the City.

On June 24, 2009, the City issued General Obligation Bonds Series 2009B (Series 2009B) in the amount of \$10,200,000. The bonds were issued with a premium of \$81,804 and the City incurred issuance costs of \$151,550, resulting in net proceeds of \$10,130,254. The bonds carry coupon rates of 2.0% to 4.375% and have a final maturity date in fiscal year 2029. The bonds were issued to renovate a building that houses the Leonardo Arts Center.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Special Improvement Bonds with Governmental Commitment

Principal and interest on special improvement bonds are paid from special assessment collections. A separate fund, the Special Improvement Debt Service Fund, has been established to contain the receipts derived by the City from the special assessments levied upon the property included in the special improvement districts together with interest on the assessments and if necessary additional funds transferred by the City to the debt service fund. Under the terms of the special improvement bond resolutions and state law, the City has agreed to maintain a special improvement guaranty account for the benefit of the bondholders. This account is to receive a tax levy of .0002, unless the account is equal to or greater than 10% of all outstanding special improvement bonds issued after April 1, 1990. The special improvement guaranty account is \$419,326 at June 30, 2009. The City is legally obligated to transfer funds from the guaranty account if sufficient debt service funds are not available. The City is also committed to assume responsibility for the debt in the event of default. These bonds bear rates between 1.75 and 4.77 percent and have a final maturity in fiscal year 2017.

Motor Fuel Bonds

On December 1, 1999, the City issued \$5,155,000 Motor Fuel Excise Tax Revenue Bonds that bear interest at 4.45 to 5.15 percent and had a final maturity and were fully paid in fiscal year 2009. The 1999 series bonds, which were not subject to redemption, were issued to finance the construction or repair of streets located within the corporate boundaries of Salt Lake City, Utah. The City had pledged motor and special fuel excise taxes (Class C road funds) as collateral for these revenue bonds.

Sales Tax Revenue Bonds

For all of the series of the Sales Tax Revenue bonds, the City has pledged sales tax revenues as collateral for the bonds.

On September 2, 2004, the City issued the Series 2004 Adjustable Rate Sales Tax Revenue Refunding Bonds in the par amount of \$17,300,000. The bonds have a final maturity date in fiscal 2015 and bear interest at a variable rate with a maximum of 15 percent. There was no original issue premium or discount associated with the sale. The purposes of the sale were to defease and fully refund the then \$16,420,000 outstanding balance of the Series 1993A Municipal Building Authority Lease Revenue Bonds. Proceeds of the Series 2004 sales tax bonds also paid accrued interest on the lease revenue bonds and \$253,222 in costs related to the issuance of the 2004 sales tax bonds. The City incurred a deferred loss of \$380,810 that will be amortized over what would have been the remaining life of the Series 1993 lease revenue bonds.

On June 21, 2005, the City issued the Series 2005A Sales Tax Revenue Refunding Bonds in the par amount of \$47,355,000 with interest rates of 3.00% to 5.00% and a final maturity date in fiscal 2021. The bonds were sold at a premium of \$4,011,338. The proceeds were used to defease the remaining outstanding principal balances of the Series 1999A, 1999B and 2001 Lease Revenue Bonds and to pay issuance costs of \$580,120. The City recognized a deferred loss of \$4,227,826 that will be amortized over the remaining life of the Series 2005A bonds. At June 30, 2009, the remaining outstanding balances of the Series 1999A, 1999B and 2001 lease revenue bonds are \$8,780,000, \$23,510,000 and \$10,305,000 respectively.

On July 10, 2007, the City issued the Series 2007 Sales Tax Revenue Bonds at a par amount of \$8,590,000 with interest rates of 3.60% to 4.60% and a final maturity date of October 1, 2026. The bonds were sold at a discount of \$19,451. The proceeds paid issuance costs in the amount of \$160,155 and the remainder will finance infrastructure improvements associated with the realignment of railroad tracks and the extension of light rail within the City.

On February 19, 2009, the City issued the series 2009A Sales Tax Revenue Bonds at a par value of \$36,240,000 with a final maturity date of October 1, 2028. The bonds sold at a premium of \$1,925,211 and the City incurred issuance costs in the amount of \$316,132 which resulted in net proceeds of \$37,849,079. The bonds were issued to purchase land and construct a maintenance facility complex on the acquired land and to purchase a bank building for conversion to additional office space.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

Water, Sewer and Stormwater Utility Bonds

The bond resolution approved in conjunction with the issuance of the Salt Lake City Water and Sewer Revenue Bonds provides, among other things, that certain funds be established and that certain accounting procedures be followed. Under the terms of the resolution, the City irrevocably pledged the net revenues of the Water and Sewer Utilities to the payment of the bonds and covenanted that rates will be established to yield net revenues, as defined, equal to at least 1.25 times the debt service to become due in the next fiscal year.

The Series 1993 Water and Sewer Revenue Refunding Bonds' (rates from 2.90 to 5.70 percent and final maturity in fiscal 2013) principal purpose was to refund a portion of the Series 1986 Bonds in the amount of \$9,635,000, maturing on or after February 1, 2001 through February 1, 2005, with an average interest rate of 7.5%. The Series 1993 bonds were defeased on May 1, 2005 (see below). The balance outstanding on June 30, 2009 of these bonds was \$720,000.

On July 19, 1994, the Utilities issued \$14,000,000 in Water, Sewer, and Storm Water Improvement Revenue Bonds with interest rates from 3.50% to 3.65 percent and a final maturity in fiscal 2015. The principal purpose of these bonds is to finance construction of Water Utility capital improvement projects. The bonds were discounted by \$134,399 and incurred bond issue costs of \$235,634 resulting in net proceeds of \$13,629,967. A portion of the 1994 bonds was defeased on November 1, 1997. The defeased amount of \$4,925,000 was outstanding on June 30, 2009.

On November 1, 1997, the Water Utility issued \$24,515,000 in Revenue Bonds. The principal purpose of the Series 1997 bonds was to defease a portion of the 1991 and 1994 Series Bonds and to finance the acquisition of certain improvements to the water, sewer, and storm water system. The bonds have rates from 4.00 to 5.25 percent and a final maturity during fiscal 2017. Net proceeds (net of discount of \$135,465 and payment of bond issue costs of \$267,188) amounted to \$24,112,347. In addition to the remaining balance of the defeased 1994 bonds noted above, the defeased 1991 bonds had a June 30, 2009 outstanding balance of \$431,831. On May 1, 2005, a portion (\$7,805,000) and on February, 27, 2008 the then remaining balance of \$9,925,000 the 1997 bonds was defeased. On June 30, 2009, \$9,070,000 of the defeased bonds was outstanding.

On February 1, 2004, the Sewer and Stormwater Utilities issued \$30,955,000 in Revenue Bonds. The principal purpose of the Series 2004 bonds is to finance a major upgrade at the Sewer Treatment Plant and a new storm system trunk line. Net proceeds (after payment of bond issue costs of \$381,233) were \$32,963,247, including a \$2,389,480 premium.

On May 1, 2005, the Water Utility issued \$11,075,000 in revenue bonds that bear interest at 3.50 – 5.00 percent and have a final maturity date in Fiscal 2017. The sole purpose of the Series 2005 bonds is to fully defease the remaining balance of the Series 1993 Water and Sewer bonds and a portion of the Series 1997 Water Utility bonds. The Series 2005 revenue bonds include a deferred loss of \$366,980 on the refunding and an original issue premium of \$752,133.

On February 27, 2008, the Water Utility issued the Series 2008 Revenue Bonds at a par amount of \$14,800,000. The net proceeds were used to defease the remaining balance of the Series 1997 Revenue Bonds. The Series 2008 Bonds were issued with a premium of \$543,400, resulting in a net average interest rate of 3.79%. As a result of the defeasance, the Water Utility incurred a deferred loss of \$476,867.

Redevelopment Agency Bonds

The master indenture approved in conjunction with the issuance of Tax Increment Revenue Bonds provides, among other things, that certain funds are established and certain accounting procedures be followed. Under the terms of this indenture, the Redevelopment Agency irrevocably pledged the incremental property tax revenues and investment income of the Agency to the payment of the bonds and covenanted that the estimated annual tax increment revenues will be equal to at least 1.25 times the debt service to become due in the next fiscal year.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

In December of 1990, the Redevelopment Agency as a participating member, remarketed \$24,268,008 of Utah Municipal Finance Cooperative Local Government Revenue Bonds (Senior Lien Obligation) at rates from 6.10 to 7.35 percent. The bonds were remarketed as \$10,735,000 current interest serial bonds due between March 1, 1994 and March 1, 2005 and \$13,533,008 capital appreciation bonds due March 1, 2006 to March 1, 2015. The bonds are collateralized by and will be repaid with incremental property taxes received by the Redevelopment Agency. The serial bonds are subject to redemption on interest dates beginning March 1, 2001 in inverse order of maturity at 100% of the principal amount plus accrued interest. The capital appreciation bonds are not subject to redemption. On June 3, 2002, the outstanding balance of the serial bonds was fully refunded. The capital appreciation bonds have imputed interest as there was no payment of interest on any of the maturities until March 1, 2006. The amount accreted in fiscal 2009 totaled \$2,466,437 and the amount paid in fiscal 2009 but formerly accreted amounted to \$5,028,781.

On August 1, 1997, the Redevelopment Agency issued \$16,505,000 of Neighborhood Redevelopment Tax Increment Revenue Refunding Bonds Series 1997A with interest rates of 4.15 to 5.5 percent and a final maturity during fiscal year 2009. The net proceeds along with available reserve funds from the Series 89A Tax Increment bonds were used to fully pay the outstanding \$17,625,000 balance of the Series 89A Tax Increment bonds. The final maturity was paid in fiscal 2009.

On March 1, 1998, the Redevelopment Agency issued \$24,600,000 of Neighborhood Redevelopment Tax Increment Revenue Bonds Series 1998A with interest rates of 3.8 to 4.65 and final maturity during fiscal year 2009. The Series 1998A Bonds were issued for the purpose of financing all or a portion of the costs of improvements related to the implementation of light rail service to downtown Salt Lake City, street lighting, plaza improvements, and other related costs in the Redevelopment Project Area. The final maturity was paid in fiscal 2009.

On April 1, 2002 the Redevelopment Agency issued \$16,190,000 principal amount Central Business District Neighborhood Redevelopment Junior Lien Tax Increment Revenue Refunding Bonds Series 2002A at rates of 3.75 to 5.25 percent and a final maturity during fiscal year 2015. The agency received net proceeds of \$16,513,371, including accrued interest, original issue premium and issuance costs. The bonds were issued solely to fully refund the serial portion of the Series 1990 bonds and fully refund the remaining outstanding balance of the Series 1992 bonds.

Other

The various financing notes payable bear interest at 3.98 to 6.86 percent. Tax anticipation notes totaling \$25,000,000 were issued and repaid during fiscal 2009. The tax notes were issued to provide cash to the General Fund until property taxes were received from Salt Lake County.

7. Reserved Fund Equity

Amounts reserved for restricted assets represent that portion of fund balance or net assets that is legally restricted for the payment of debt service, operations and maintenance, renewal and replacement of property and equipment.

Amounts reserved for encumbrances represent that portion of fund balance that has been segregated pending vendor performance on purchase commitments or contracts outstanding at June 30, 2009.

Amounts reserved for guarantee of special improvement bonds represent that portion of fund balance restricted by state law to guarantee the payment of special improvement bond principal and interest.

Amounts reserved for the retirement of debt represent that portion of fund balance restricted by bond agreements for the payment of debt service requirements.

Amounts reserved for loans receivable represent the unpaid portion of the loan principal that is not related to offsetting obligations.

Amounts reserved for land and buildings held for resale represent the acquisition costs of real property purchased with the intent of reselling rather than holding for use as a capital asset.



SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

8. Deficit Fund Balances/Net Assets, Expenditures and Other Uses that Exceed Appropriations in Individual Funds

At June 30, 2009 no fund or department had a negative fund balance or negative net assets. For the year ended June 30, 2009, there were no funds or departments where expenditures and other uses exceeded appropriations.

9. General Fund Interfund Service Charges

The General Fund charges certain proprietary and special revenue funds, the Capital Projects Fund and the Library component unit for various services. These transactions have been recorded as revenue and expenses or expenditures to the funds as if they involved organizations external to the City, which are generally eliminated for the government wide statements. The amounts of the charges to those funds for the year ended June 30, 2009, are as shown in the table as follows:

	General Fund charges for:				Total
	Administrative services	Fire protection services	Police protection services	Engineering and other services	
Enterprise funds:					
Water Utility	\$ 651,917	\$ -	\$ -	\$ -	\$ 651,917
Sewer Utility	139,871	-	-	-	139,871
Storm Water Utility	64,900	-	-	118,306	183,206
Airport	1,262,054	4,008,977	120,000	-	5,391,031
Refuse Collection	58,705	-	-	138,395	197,100
Golf	190,544	-	-	104,292	294,836
Redevelopment Agency	208,616	-	-	36,794	245,410
Internal service funds:					
Fleet Management	143,751	-	-	77,415	221,166
Information Management	168,653	-	-	-	168,653
Governmental Immunity	350,000	-	-	-	350,000
Risk Management	170,000	-	-	-	170,000
Special revenue funds					
E 911 Dispatch	4,126	-	-	-	4,126
Capital Projects Fund	-	-	-	1,475,679	1,475,679
Subtotal, primary government	3,413,137	4,008,977	120,000	1,950,881	9,492,995
Component unit -					
Library	16,231	-	-	-	16,231
Total reporting entity	<u>\$ 3,429,368</u>	<u>\$ 4,008,977</u>	<u>\$ 120,000</u>	<u>\$ 1,950,881</u>	<u>\$ 9,509,226</u>

10. Transfers

Transfers were made to and from several funds during the course of the year ended June 30, 2009. The principal reason for operating transfers is to provide the receiving fund resources to carry out the activities for which the receiving fund was created. The more significant examples are transfers from the General Fund to the Capital Projects Fund, to Fleet Management for the purchase of governmental fund vehicles, and to Governmental Immunity to pay general liability claims. Also, transfers from the Capital Projects Fund to Debt Service Funds provide resources to make scheduled principal and interest payments. The tables on the following page show the detail of transfers.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

	Transfers in to:		
	General	Capital Projects	Housing Loans
<u>Transfers out from:</u>			
General Fund	\$ -	\$ 20,810,993	\$ -
Capital Projects	1,690,805	-	-
Housing Loans	-	-	-
Water	37,500	-	-
Airport	-	-	-
Sewer	-	-	-
Redevelopment	-	-	-
Nonmajor Governmental	2,433,523	-	1,813,711
Nonmajor Proprietary	1,857,135	-	-
Internal Service	120,000	-	-
	<u>\$ 6,138,963</u>	<u>\$ 20,810,993</u>	<u>\$ 1,813,711</u>

	Transfers in to:		
	Nonmajor Governmental	Internal Service	Total
<u>Transfers out from:</u>			
General Fund	\$ 140,168	\$ 5,951,968	\$ 26,903,129
Capital Projects	15,639,140	-	17,329,945
Housing Loans	2,108,090	-	2,108,090
Water	-	27,610	65,110
Airport	-	48,549	48,549
Sewer	-	21,406	21,406
Redevelopment	-	4,734	4,734
Nonmajor Governmental	54,901	-	4,302,135
Nonmajor Proprietary	-	15,553	1,872,688
Internal Service	-	26,303	146,303
	<u>\$ 17,942,299</u>	<u>\$ 6,096,123</u>	<u>\$ 52,802,089</u>

#### 11. Risk Management

The City is self-insured for general liability claims, except for liability incurred at the Airport. The Airport liability policy has a limit of \$500,000,000 with no deductible. The Governmental Immunity Fund (an internal service fund) has been established to pay liability claims other than those at the Airport along with certain City Attorney expenses. The City has an all risk property insurance policy that has a limit of \$500,000,000 with a \$100,000 deductible. The Policy includes: (1) earthquake coverage of \$100,000,000 at the airport and \$50,000,000 in the aggregate at other locations with a deductible of the higher between 3% of the value or \$100,000, (2) \$100,000,000 in the aggregate in flood coverage for facilities that are located outside the standard report zone with a \$250,000 deductible, and seven identified properties that have a \$500,000 deductible, (3) boiler and machine coverage to policy limit with a \$25,000 deductible, (4) fine art coverage of \$100,000,000 with a \$100,000 deductible. The City is self insured for property loss above the limits and below the deductibles. The Treasurer is covered under a \$10,000,000 bond with no deductible.

The City also has: (1) public employee dishonesty insurance (an employee blanket bond) with a \$1,000,000 limit per occurrence and a \$50,000 deductible (2) a forgery or alteration policy with a \$25,000 limit and a deductible of \$500 and (3) a theft, disappearance and destruction policy with a limit of \$25,000 and a \$500 deductible. The City also has excess workers' compensation insurance with a \$40,000,000 limit and a \$1,500,000 self-insured retention. The City is self insured for loss above the limits and below the deductibles. The operating departments of the General Fund or proprietary funds assume financial responsibility for risk retained by the City for property damage. Further, the City is self-insured for employee long-term disability, unemployment and \$1,500,000 retention for workers' compensation. The Risk Management Fund (an internal service fund) has been established to pay these claims along with health insurance

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

premiums and certain administrative expenses. During the past three fiscal years, there have been no settlements that exceeded insurance coverage.

Changes in the estimated claims payable liability carried in the accrued liabilities of the Risk Management Fund since July 1, 2007 shows in the table below:

A liability is recorded for any claims or judgments when information available prior to issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Incurred but not reported events, if any, are included in the statements.

	Beginning of fiscal year liability	Current year claims and changes in estimates	Claim payments	Balance at fiscal year end	Estimated due in one year
2007-2008					
Long term disability	\$ 2,511,602	\$ 934,955	\$ (979,146)	\$ 2,467,411	
Workers' compensation	2,757,000	671,773	(774,773)	2,654,000	
Unemployment compensation	301,245	203,797	(470,097)	34,945	
	<u>\$ 5,569,847</u>	<u>\$ 1,810,525</u>	<u>\$ (2,224,016)</u>	<u>\$ 5,156,356</u>	
2008-2009					
Long term disability	\$ 2,467,411	\$ 458,274	\$ (99,636)	\$ 2,826,049	\$ 659,727
Workers' compensation	2,654,000	2,233,083	(1,875,083)	3,012,000	1,846,000
Unemployment compensation	34,945	359,303	(323,572)	70,676	70,676
	<u>\$ 5,156,356</u>	<u>\$ 3,050,660</u>	<u>\$ (2,298,291)</u>	<u>\$ 5,908,725</u>	<u>\$ 2,576,403</u>

## 12. Pension Plans

Identification - The City participates in three cost-sharing multiple-employer public retirement systems (PERS) and one multiple-employer agent PERS. These are defined benefit retirement plans covering public employees of the State of Utah and employees of participating local governmental entities. The systems are administered under the direction of the Utah State Retirement Board whose members are appointed by the governor of Utah.

Plan provisions - City police officers are covered by the Public Safety Contributory and Noncontributory System (Public Safety System), the one multiple employer-agent system. Firefighters are covered by the Firemen's System and substantially all other permanent City employees are covered by either the Contributory System or the Noncontributory System. The Noncontributory System was implemented in 1986 as a result of legislation by the State of Utah. The Noncontributory System is mandatory for all new full time employees other than police and firefighters. Current employees were given the opportunity to remain with their present retirement plan or to convert membership to the new Noncontributory system that provides a benefit formula using a three-year rather than a five-year average salary. Other legislation enhanced death benefits for public employees, removed time limitations on re-deposits in the Firemen's System, amended the laws on disability within the Public Safety System, and tightened the laws governing refunds. The systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1951 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board). The systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Contributory Retirement System, Public Safety Noncontributory Retirement System, and Firefighters Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772. A brief summary of eligibility and benefits is presented on the next page.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

	Contributory System	Noncontributory System	Public Safety Contributory and Noncontributory and Firefighters' Systems
Highest average salary	Highest 5 years	Highest 3 years	Highest 3 years
Years of service	30 years any age	30 years any age	20 years any age
required and/or age	20 years age 60 - 61	25 years any age	10 years age 60
eligible for benefit		(with actuarial reduction)	
	10 years age 62 - 64	20 years age 60 - 61	4 years age 65
	4 years age 65	10 years age 62 - 64	
		4 years age 65	
Benefit percent	1.15% per year to June 1967		2.5% per year up to 20 years
per year of	1.25% per year July 1967 to June 1975		2.0% per year over 20 years
service	2.00% per year July 1975 to present		
		Beginning July 1, 1990 all new retirees in the Noncontributory system are paid 2% per year.	

Cost sharing multiple employer funding policy - The contribution rates, which are actuarially determined at June 30, 2009, are:

	Employee contributions paid by City (100% vested)	City's contribution (vested upon retirement)
Contributory	6.00 %	7.61 %
Noncontributory	-	11.62 %
Firefighters' System	9.68 %	- %

The contributions for the current fiscal year and for that of the two previous fiscal years were equal to the required contributions and are presented on the following page:

System	June 30, 2009	June 30, 2008	June 30, 2007
Local Government Contributory System:			
Employer paid for employee contributions	\$ 481,433	\$ 486,019	\$ 518,158
Employer contributions	610,620	616,439	654,608
Local Government Noncontributory System	10,327,021	9,656,412	9,423,670
Firefighters' system:			
Employer paid for employee contributions	1,969,355	1,863,953	1,743,079

Salt Lake City Public Safety Retirement System - The rate for the Noncontributory was 35.71%. The rates are the actuarial determined rates, and are authorized by statute and specified by the Utah State Retirement Board. The pension cost for the City's noncontributory public safety system of \$ 9,896,143 for the fiscal year ended June 30, 2009 was equal to the City's required and actual contribution. The required contribution was determined as part of the January 1, 2008 actuarial valuation using the entry age normal cost method. The actuarial assumptions include: (a) an 8% investment rate of return (net

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

of administrative expenses), (b) yearly salary increases are limited to a maximum of 10% plus a cost of living adjustment determined by the consumer price index. at 4.50% (3.50% from inflation, 1.00% from membership growth), (c) 2.5% cost of living adjustment. Both (a) and (c) include an inflation component of 3.5%. The actuarial value of the Salt Lake City Public Safety Retirement System assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a 5-year period. The Salt Lake City Public Safety Retirement System unfunded actuarial accrued liability is being amortized over an open 20-year amortization period from the valuation date. Amortization payments are designed to remain level as a percent of payroll.

Trend information and the Schedule of Funding progress over a three-year period for the Salt Lake City Public Safety Retirement System are presented as follows:

Year ending	Annual Pension Cost (APC)	Percentage APC contributed	Net pension obligation
June 30, 2009	\$ 9,896,143	100%	\$ -
June 30, 2008	\$ 9,565,471	100%	-
June 30, 2007	\$ 9,150,293	100%	-

Actuarial valuation date	Actuarial value of assets	Actuarial Accrued Liability (AAL) entry age	Unfunded AAL (UAAL)	Funding ratios	Covered payroll	UAAL as a % of covered payroll
December 31, 2008	\$ 173,607,000	\$ 246,846,000	\$ 73,239,000	70%	\$ 27,413,000	267%
January 1, 2008	184,578,000	234,139,000	49,561,000	79%	26,114,000	190%
January 1, 2007	165,100,000	206,821,000	41,721,000	80%	24,330,000	172%

Valuation data as of December 31, 2008 are estimates provided by the Utah State Retirement System

Historical trend information - Historical trend information for the past 10 years is available in a separately issued financial report issued by the Utah Retirement Systems. These statistical trends provide information about progress made in accumulating sufficient assets to pay benefits when due.

### 13. Other Postemployment Benefits

Effective July 1, 2007 the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*.

**Plan Description** – In addition to the pension benefits described in Note 12, the City provides postemployment health care and life insurance benefits, through a single employer defined benefit plan, to all employees who retire from the City and qualify to retire from any of the Utah State Retirement Systems. The benefits, benefit levels, employee contributions and employer contributions are governed by City policy, and can be amended at any time. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's Risk Management Fund, an internal service fund.

**Funding Policy** – The City currently pays for postemployment benefits other than pensions on a “pay-as-you-go-basis.

**Annual OPEB and Net OPEB Obligation** – The City's annual OPEB cost (expense) is calculated based on the employer's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years. For the fiscal year ended June 30, 2009, the City's OPEB cost (expense) and ARC were \$8,186,000 and 8,154,000, respectively. The following table shows the components of the City's annual OPEB cost the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

OPEB	
Annual required contribution	\$ 8,154,000
Interest on net OPEB obligation	270,000
Adjustments to annual required contribution	(238,000)
Annual OPEB cost (expense)	8,186,000
Contributions made	(2,491,000)
Increase in net OPEB obligation	5,695,000
Net OPEB obligations - beginning of year	5,415,000
Net OPEB obligations - end of year	\$ 11,110,000

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2009 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Fiscal Year Ended
June 30, 2009	\$ 8,186,000	\$ 2,491,000	30.4%	\$ 11,110,000
June 30, 2008	7,491,000	2,076,000	27.7%	5,415,000

Funded status and Funding Progress – The funded status of the City's plan as of June 30, 2009 is as follows:

Actuarial valuation date	July 1, 2008
Actuarial accrued liability (AAL)	\$ 88,848,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 88,848,000
Funded ratio (actuarial value of plan assets / AAL)	0.0%
Covered payroll (active plan members)	\$ 137,540,000
UAAL as a percentage of covered payroll	64.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the financial statements, presents the results of OPEB valuations as of June 30, 2009 and looking forward, the schedule will eventually provide another year of about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the fiscal year 2009 actuarial valuation, the unit credit method was used. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. Covered payroll included a 3.5% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll over a closed thirty year period.

The City also provides health, dental and employee assistance benefits to terminated employees under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA). Substantially all employees are eligible for these benefits upon termination of employment with the City. Depending upon the qualifying event, former employees are eligible for either 18 or 36 months of benefits under this act. The premiums for this coverage plus a 2% administrative charge are paid 100% by the former employee.

#### 14. Deferred Compensation Plans

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 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 is not obligated to contribute to the plan and does not contribute. Employees contributed \$1,416,994 to the Utah State Retirement administered portion and payments were processed in the amount of \$1,419,685 to other administering companies during the fiscal year. All amounts were transferred to the state or administering insurance companies by the due dates.

The 457 deferred monies are not available to the City or its general creditors. The 457 resources for which the City has custody and performs all administrative duties, including investment activities, under the Plan are accounted for in a fiduciary fund. Amounts held by entities other than the City do not appear in these financial statements.

401(k) Deferred Compensation Plan - The City also sponsors a deferred compensation plan under Internal Revenue Code Section 401(k) for City employees covered by any of the state retirement plans. The Utah State Retirement Board administers this Plan. The City's total payroll expense in the fiscal year ended June 30, 2009 was \$157,066,001. Of that amount, payroll of \$144,956,496 was eligible to participate in this Plan. The City participates at a rate of 2.65% or 1.45% of base payroll only for those current employees who changed from the contributory state retirement plan to the noncontributory retirement plan. The 2.65% applies to current employees who changed at the first opportunity in 1986 and the 1.45% applies to current employees who changed at the second opportunity in 1990. The rate of City participation was established and can be changed by City Council action. During the year ended June 30, 2009, employees contributed \$3,093,378 and the City contributed \$527,870. All contributions were made by the due dates. The 401(k) deferred compensation monies are not available to the City or its general creditors. Therefore, no assets or liabilities of the 401(k) deferred compensation plan are reflected in these financial statements.

IRA (Individual Retirement Accounts) – During fiscal 2006 the City began offering its employees the opportunity to make payroll deductions for contributions to both Traditional and Roth IRA plans. During the year ended June 30, 2009, employees contributed \$5,285 to the Traditional plan and \$97,618 to the Roth plan.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

15. Commitments and Contingencies

Commitments for major construction, capital improvement and other projects at June 30, 2009 are shown below.

General Fund	\$ 1,182,000
Special revenue funds	1,186,000
Capital Projects Fund	21,435,000
Internal Service funds	108,000
Enterprise funds	38,469,000
Total	<u>\$ 62,380,000</u>

The City is lessee under a number of operating lease agreements, one of which is non-cancelable, involving land, buildings and equipment. Rent expense during the fiscal year ended June 30, 2009 approximated \$1,289,000 of which \$792,000 was related to proprietary funds. The schedule of future minimum rental payments required under non-cancellable operating leases as of June 30, 2009 is shown below:

	<u>General Fund</u>
2010	\$ 41,926
2011	41,926
2012	41,926
2013	41,926
2014	41,926
2015-2019	209,630
2020-2024	209,630
2025-2029	209,630
2030-2034	209,630
2035-2039	209,630
Thereafter	<u>1,383,558</u>
Total	<u>\$ 2,641,338</u>

There are sundry claims or lawsuits that have been filed against the City or its employees involving tort and civil rights matters. The City has evaluated those claims and based upon the advice of counsel, has recorded an estimated claims payable liability in the Governmental Immunity Fund (an internal service fund) to cover any expected losses.

Changes in the reported liability carried in the Governmental Immunity Fund since July 1, 2007 resulted in the changes shown in the table on the following page:



SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

	Beginning of fiscal year liability	Current year claims and changes in estimates	Claim payments	Balance at fiscal year end	Estimated due within one year
2007-2008	\$1,814,000	\$ 615,441	\$ (797,441)	\$ 1,632,000	\$ -
2008-2009	1,632,000	819,023	(636,023)	1,815,000	685,000

In the normal course of operations, the City receives grant funds from various Federal Agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of audits of grant funds is not believed to be material.

16. Revenue Supported Debt – Enterprise Fund

The Stormwater Utility fund contains debt funded by operating revenues, is not a major proprietary fund, and does not meet all of the criteria for a segment (it is not externally required to maintain separate accounts). The key financial data for the year ended June 30, 2009 for the fund are as follows.

	Stormwater Utility
Operating revenue	\$ 5,433,240
Operating expenses:	
Depreciation and amortization	2,296,890
Other	3,477,103
Total operating expenses	5,773,993
Operating income	\$ (340,753)
Net transfers out	\$ (176,723)
Net asset increase	2,160,493
Total assets	101,576,096
Long term liabilities	6,442,893
Net Assets	94,525,442
Acquisitions of property and equipment	4,338,819
Disposal proceeds of property and equipment	46,227
Net working capital	9,546,187

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

A condensed statement of cash flows for the Stormwater Utility fund is as follows;

	<u>Stormwater Utility</u>
Cash flows from:	
Operating activities	\$ 1,866,017
Non-capital and related financing activities	(176,723)
Capital and related financing activities	(2,299,603)
Investing activities	<u>196,732</u>
Net decrease in cash and cash equivalents	(413,577)
Cash and cash equivalents-begin	<u>11,133,643</u>
Cash and cash equivalents-end	<u><u>\$10,720,066</u></u>

17. Related Party Transactions

During the year ended June 30, 2009, the Water Utility Fund (an enterprise fund) paid \$9,220,984 for water purchased from the Metropolitan Water District of Salt Lake City and Sandy City, which is a related entity of the City.

18. Joint Venture

The City is a member of a joint venture known as the City/County landfill in which the City and Salt Lake County (through its Municipal Affairs Fund and the remainder of the County) each have fifty percent interest. The joint venture was created to provide solid waste management and disposal services. The City's equity in the net resources of the landfill at June 30, 2009, was \$22,368,198. This equity interest is shown in the City's Refuse Collection Fund (an enterprise fund).

The interlocal cooperation agreement created the joint venture and established the Salt Lake Valley Solid Waste Management Council (the Council). The Council consists of five members: one of the County Commissioners, the Mayor of the City, an elected official designated by the Salt Lake County Council of Governments, a member of the Salt Lake City/County Board of Health and one member with technical expertise in solid waste disposal. The Council's responsibilities are to: (1) appoint or remove, as needed, a landfill manager who reports to the Council; (2) plan, establish and approve all construction projects for solid waste operations; and (3) prepare an annual operating budget that includes expenditures and the means of financing them.

All actions by the Council are recommendations to the City Council and the County Commission, which have equal power to review, ratify, modify, or veto any action submitted by the Council.

The Council has developed a master plan designed to comply with environmental standards established by the federal government and to meet accounting and financial reporting requirements under GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs*. In compliance with this standard, the Council has established user fees sufficient to cover all operating costs, including post-closure costs that have been mandated by the federal government. For the year ended June 30, 2009, the City paid the landfill approximately \$1,493,000 in user fees. Separately audited financial statements for the City/County landfill may be obtained from Salt Lake County Public Works, 2001 S. State, Room N3300 Salt Lake City, Utah 84190.

SALT LAKE CITY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

19. Subsequent Events

Subsequent to June 30, 2009 the following commitments for major projects were made:

General Fund	\$ 107,000
Special revenue funds	7,306,000
Capital Projects Fund	3,379,000
Enterprise funds	7,357,000
Total	<u>\$ 18,149,000</u>

The following events occurred subsequent to June 30, 2009:

The City issued \$19,000,000 of tax anticipation notes maturing June 30, 2010. These notes bear interest at 2.5%. The notes were sold to provide operating cash in the General Fund until December, 2009, at which time a large percentage of property taxes are remitted to Salt Lake City.

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## APPENDIX B

### FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER PARAGRAPH (B)(5) OF RULE 15C2-12

[TO BE DATED CLOSING DATE]

THIS CONTINUING DISCLOSURE UNDERTAKING (the “*Agreement*”) is executed and delivered by Salt Lake City, Utah (the “*City*”), in connection with the issuance of its \$20,000,000 Tax and Revenue Anticipation Notes, Series 2010 (the “*Notes*”). The Notes are being issued pursuant to a resolution adopted by the City Council of the City on \_\_\_\_\_, 2010 (the “*Resolution*”).

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

*Section 1. PURPOSE OF THIS AGREEMENT.* This Agreement is executed and delivered by the City as of the date set forth above, for the benefit of the beneficial owners of the Notes and in order to assist the Participating Underwriters in complying with the requirements of the Rule. As the Notes have a stated maturity of 18 months or less, this Agreement is prepared in compliance with paragraph (d)(3) of the Rule. The City represents that it will be the only obligated person with respect to the Notes at the time the Notes are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Notes.

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

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

“*Dissemination Agent*” means any agent designated as such in writing by the City and which has filed with the City 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.

“*Material Event*” means the occurrence of any of the Events with respect to the Notes set forth in *Exhibit I* that is material, as materiality is interpreted under the Exchange Act.

“*Material Events Disclosure*” means dissemination of a notice of a Material Event as set forth in Section 4.

“*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 Notes.

“*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 City pursuant to Section 4.

*Section 3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT.* The CUSIP Number of the Notes is \_\_\_\_\_. The final Official Statement relating to the Notes is dated \_\_\_\_\_, 2010. The City will include the CUSIP Number in all disclosure described in Section 4 of this Agreement.

*Section 4. MATERIAL EVENTS DISCLOSURE.* Subject to Section 7 of this Agreement, the City hereby covenants that it will disseminate in a timely manner Material 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.

*Section 5. CONSEQUENCES OF FAILURE OF THE CITY TO PROVIDE INFORMATION.* In the event of a failure of the City to comply with any provision of this Agreement, the beneficial owner of any Note may seek mandamus or specific performance by court order, to cause the City 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 City to comply with this Agreement shall be an action to compel performance.

*Section 6. AMENDMENTS; WAIVER.* Notwithstanding any other provision of this Agreement, the City, 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 a change in the identity, nature, or status of the City, 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 Notes, as determined by parties unaffiliated with the City or any other obligated person (such as Note Counsel).

*Section 7. TERMINATION OF UNDERTAKING.* The Undertaking of the City shall be terminated hereunder if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Notes under the Resolution. The City shall give notice to EMMA in a timely manner if this Section is applicable.

*Section 8. DISSEMINATION AGENT.* The City 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 9. ADDITIONAL INFORMATION.* Nothing in this Agreement shall be deemed to prevent the City 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 notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the City 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 City 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.

*Section 10. 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 City, the Dissemination Agent, if any, and the beneficial owners of the Notes, and shall create no rights in any other person or entity.

*Section 11. RECORDKEEPING.* The City shall maintain records of all Material 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 12. ASSIGNMENT.* The City shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the City under this Agreement or to execute an Undertaking under the Rule.

*Section 13. GOVERNING LAW.* This Agreement shall be governed by the laws of the State.

*(Signature page follows.)*

DATED as of the day and year first above written.

SALT LAKE CITY, UTAH

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

[SEAL]

ATTEST AND COUNTERSIGN:

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

APPROVED AS TO FORM:

By \_\_\_\_\_  
Senior City Attorney



## **EXHIBIT I**

### **EVENTS WITH RESPECT TO THE NOTES FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED**

1. Principal and interest payment delinquencies
2. Non-payment related defaults
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 or events affecting the tax-exempt status of the security
7. Modifications to the rights of security holders
8. Note calls<sup>\*</sup>
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities
11. Rating changes

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<sup>\*</sup> However, the Notes are not subject to call and redemption prior to maturity.

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## APPENDIX C

### DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY

#### POPULATION

<u>YEAR</u>	<u>THE CITY</u>	<u>% INCREASE FROM PRIOR PERIOD</u>	<u>SALT LAKE COUNTY</u>	<u>% INCREASE FROM PRIOR PERIOD</u>	<u>THE STATE</u>	<u>% INCREASE FROM PRIOR PERIOD</u>
2008 Estimate	181,698	(0.02)%	1,022,651	13.83%	2,736,424	22.54%
2000 Census	181,743	13.63	898,387	23.75	2,233,169	29.62
1990 Census	159,936	(1.90)	725,956	17.27	1,722,850	17.92
1980 Census	163,034	(7.31)	619,066	34.99	1,461,037	37.93
1970 Census	175,885	(7.16)	458,607	19.73	1,059,273	18.94
1960 Census	189,454	-	383,035	-	890,627	-

(Source: U.S. Census Bureau.)

#### PROPERTY VALUE OF PRE-AUTHORIZED CONSTRUCTION IN THE CITY

<u>Year</u>	<u>NEW</u>		<u>ADDITIONS, ALTERATIONS AND REPAIRS</u>		<u>TOTAL CONSTRUCTION</u>	
	<u>Number Dwelling Units</u>	<u>Residential Value (\$000)</u>	<u>Non- residential Value (\$000)</u>	<u>Residential Value (\$000)</u>	<u>Non- residential Value (\$000)</u>	<u>% Change from Prior Period</u>
2009	262	\$124,939.6	\$ 80,912.1	\$46,348.2	\$ 77,628.1	\$329,828.0 (43.2)
2008	508	156,110.9	289,111.1	29,438.6	105,808.0	580,468.6 13.0
2007	659	80,379.7	196,520.8	41,776.5	194,835.7	513,512.7 16.2
2006	310	47,442.9	181,304.3	41,807.7	171,432.7	441,987.6 (14.8)
2005	989	91,400.9	138,433.6	33,873.0	254,814.1	518,521.6 -

(Source: Bureau of Economic and Business Research, University of Utah.)

#### SALES AND BUILDING IN SALT LAKE COUNTY

<u>SALES AND BUILDING</u>	<u>2008 <sup>(p)</sup></u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Gross Taxable Sales (\$000s)	20,457,525	21,634,262	20,328,814	18,010,926	16,576,588
Permit Authorized Construction (\$000)	1,656,131	2,153,638	2,075,492	2,073,618	1,673,009
New Residential Building Permits	3,555	4,512	6,200	7,746	6,491
Residential Building Permit Value (\$000)	588,478	820,049	1,087,470	1,174,484	918,693

(p) Preliminary

(Source: Utah Department of Workforce Services.)

## INCOME AND WAGES IN SALT LAKE COUNTY

<u>INCOME AND WAGES</u>	<u>2008</u> <sup>(p)</sup>	<u>2007</u> <sup>(p)</sup>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total Personal Income (\$Millions)	37,479.7	35,993.0	34,545.8	31,825.1	29,022.5
Per Capita Income	36,650	35,805	35,000	33,113	30,585
Average Family Income from IRS Returns	NA	62,447	62,142	57,801	53,944
Average Monthly Nonfarm Wage	3,470	3,406	3,212	3,063	2,956

(p) Preliminary

(Source: Utah Department of Workforce Services.)

## BUSINESS AND INDUSTRY

### TAXABLE SALES AND LOCAL OPTION SALES TAX ALLOCATION — THE CITY

<u>YEAR ENDED</u> <u>JUNE 30</u>	<u>GROSS TAXABLE</u> <u>SALES</u>	<u>% CHANGE OVER</u> <u>PRIOR YEAR</u>	<u>NET LOCAL SALES TAX</u> <u>ALLOCATIONS</u>	<u>% CHANGE OVER</u> <u>PRIOR YEAR</u>
2008	\$5,515,186,562	8.3%	\$46,400,880	3.0%
2007	5,090,395,126	11.7	45,066,434	8.6
2006	4,556,959,418	9.2	41,502,433	9.0
2005	4,174,740,826	5.7	38,078,950	6.8
2004	3,948,617,045	-	35,657,054	-

(Source: Utah State Tax Commission.)

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## SEVERAL OF THE LARGEST EMPLOYERS IN SALT LAKE COUNTY

The following is a list of some of the largest employers in Salt Lake County.

FIRM NAME	APPROXIMATE NUMBER OF EMPLOYEES
University of Utah	20,000 +
Intermountain Health Care	15,000-19,999
State of Utah	10,000-14,999
Granite School District	5,000-9,999
Salt Lake County	5,000-9,999
Wal Mart	4,000-4,999
Jordan School District	4,000-4,999
Canyons School District	4,000-4,999
Salt Lake City School District	3,000-3,999
U.S. Postal Service	3,000-3,999
Delta Airlines	3,000-3,999
Salt Lake City Corporation	3,000-3,999
Zions First National Bank	3,000-3,999
L3 Communications Corp	2,000-2,999
Smith's Marketplace #7	2,000-2,999
Discover Products Inc	2,000-2,999
Associated Reg & Univ Pathology (ARUP)	2,000-2,999
Salt Lake Community College	2,000-2,999
United Parcel Service	2,000-2,999
Wells Fargo Bank N.A.	2,000-2,999
Skywest Airlines Inc	2,000-2,999

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(Source: Utah Department of Workforce Services. As of December, 2009.)

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## LABOR MARKET DATA OF SALT LAKE COUNTY

	<u>2008</u> <sup>(p)</sup>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Labor Force	564,234	549,625	534,697	519,047	503,080
Employed	545,688	535,191	519,183	497,749	477,601
Unemployed	18,546	14,434	15,514	21,299	25,479
Rate	3.3%	2.6%	2.9%	4.1%	5.1%
Nonfarm Jobs	602,924	601,224	579,780	555,055	535,409
% Change Prior Year	0.3%	3.7%	4.5%	3.7%	1.4%
Mining	2,908	2,450	2,203	2,012	1,682
Construction	38,514	42,492	39,697	34,128	30,943
Manufacturing	55,323	55,775	53,385	51,138	50,235
Trade/Transportation/Utilities	125,980	125,060	120,294	117,178	114,096
Information	17,214	18,468	18,423	17,963	17,386
Financial Activities	49,436	49,816	47,299	44,719	43,418
Professional/Business Services	96,990	96,685	93,999	87,412	81,587
Education/Health/Social Services	61,097	57,845	54,973	53,610	51,418
Leisure/Hospitality	48,521	47,911	46,135	44,683	44,008
Other Services	18,818	18,734	18,140	17,786	17,527
Government	88,059	85,988	85,232	84,426	83,109
Total Establishments	37,677	37,727	37,887	35,975	33,990
Total Wages (\$Billions)	25,103.2	24,570.7	22,346.6	20,401.4	18,990.1

(p) Preliminary.

(Source: Utah Department of Workforce Services.)

## RATE OF UNEMPLOYMENT — ANNUAL AVERAGE

<u>YEAR</u>	<u>SALT LAKE COUNTY</u>	<u>THE STATE</u>	<u>UNITED STATES</u>
2009	6.4%	6.7%	9.3%
2008	3.3	3.4	5.8
2007	2.6	2.7	4.6
2006	2.9	3.0	4.6
2005	4.1	4.2	5.1

(Source: Utah Department of Workforce Services; U.S. Department of Labor.)

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## **APPENDIX D**

### **CASH FLOW SUMMARY**

## SALT LAKE CITY CORPORATION

## GENERAL FUND CASH FLOW SUMMARY

Period covered: July 1, 2008 through June 30, 2009

	July	August	September	October	November	December	January	February	March	April	May	June	Total
<b>Beginning Balance</b>	27,489,447	40,354,196	38,913,421	37,403,921	0	22,629,756	50,634,017	46,322,844	46,105,488	47,372,686	53,809,414	50,641,337	27,489,447
<b>Receipts:</b>													
Property taxes	755,648	771,725	553,764	563,899	23,807,100	29,986,812	891,802	632,660	1,568,266	4,773,432	1,127,070	788,850	66,221,028
Sales taxes	4,539,514	3,661,070	4,402,505	5,486,622	4,221,333	3,518,307	3,688,885	4,139,497	4,712,687	3,813,508	4,135,650	2,979,850	49,299,428
Franchise taxes	997,583	4,361,155	2,257,256	1,316,791	1,837,101	1,830,422	2,003,997	2,101,456	2,289,368	1,984,864	2,299,454	2,074,766	25,354,213
Licenses and permits	1,309,030	1,206,485	935,534	1,490,441	1,649,263	1,963,370	1,683,274	1,441,198	1,114,319	1,063,066	1,316,562	2,517,761	17,690,303
Federal grants	0	0	0	0	0	0	0	0	0	0	0	0	0
State grants	0	0	0	14,223	0	444,112	0	0	0	0	0	750,000	1,208,335
Other local sources	33,335	18,483	189,314	98,418	47,052	251,289	76,010	45,792	148,255	284,213	2,308,992	311,992	3,813,145
Interest	686,243	377,085	352,770	564,037	380,353	324,047	324,759	213,091	217,265	226,559	180,934	632,148	4,479,291
Interest allocation	(191,679)	(214,877)	(243,049)	(277,040)	(251,171)	(222,102)	(216,583)	(169,120)	(124,400)	(106,107)	(93,657)	17,406	(2,092,379)
Fines and forfeitures	703,526	710,574	879,190	871,619	789,100	769,437	745,971	835,075	1,074,249	932,269	812,955	836,671	9,960,636
Parking meter collections	139,797	194,255	171,874	161,943	76,113	48,821	86,206	211,489	141,869	125,762	130,043	158,088	1,646,260
Charges for services	161,979	410,021	375,914	395,505	369,710	347,369	383,127	299,522	302,314	286,302	289,917	506,629	4,128,309
Interfund reimbursements	10,000	313,618	1,633,235	716,585	326,028	1,441,563	780,350	40,000	1,863,067	595,846	321,510	1,467,425	9,509,227
Miscellaneous revenue	112,457	93,442	74,376	101,280	77,952	73,819	105,702	109,206	84,597	85,710	89,608	89,741	1,097,890
Interfund borrowing	0	0	0	1,089,969	0	0	0	0	0	0	0	0	1,089,969
Transfers-in	143,737	143,876	143,774	665,127	550,293	1,433,645	272,136	1,622,408	166,876	4,101,939	172,307	203,486	9,619,604
Note proceeds	25,000,000	0	0	0	0	0	0	0	0	0	0	0	25,000,000
<b>Total receipts</b>	34,401,170	12,046,912	11,726,457	13,259,419	33,880,227	42,210,911	10,825,636	11,522,274	13,558,732	18,167,363	13,091,345	13,334,813	228,025,259
<b>Disbursements:</b>													
Salaries and benefits	9,820,333	10,250,260	9,715,232	16,592,325	7,600,819	11,025,911	10,345,375	9,878,849	11,425,997	9,650,474	13,231,686	12,463,780	132,001,040
Services and support	11,595,838	3,068,673	2,791,637	3,633,021	2,414,831	3,013,314	4,596,857	1,668,586	759,708	2,010,491	2,870,667	2,167,867	40,591,491
Capital outlay	120,250	168,754	729,088	289,895	144,852	167,425	115,154	84,855	105,829	69,670	108,137	176,036	2,279,945
Transfers out	0	0	0	30,148,099	0	0	79,423	107,340	0	0	48,932	0	30,383,794
Interfund payback	0	0	0	0	1,089,969	0	0	0	0	0	0	0	1,089,969
Note principal	0	0	0	0	0	0	0	0	0	0	0	25,000,000	25,000,000
Note interest	0	0	0	0	0	0	0	0	0	0	0	751,658	751,658
<b>Total disbursements</b>	21,536,421	13,487,687	13,235,957	50,663,340	11,250,471	14,206,650	15,136,809	11,739,630	12,291,534	11,730,635	16,259,422	40,559,341	232,097,897
<b>Ending Balance</b>	40,354,196	38,913,421	37,403,921	0	22,629,756	50,634,017	46,322,844	46,105,488	47,372,686	53,809,414	50,641,337	23,416,809	23,416,809



SALT LAKE CITY CORPORATION

GENERAL FUND CASH FLOW SUMMARY

Actuals Through April 30 , 2010

Period covered: July 1, 2009 through June 30, 2010

	July	August	September	October	November	December	January	February	March	April	May	June	Total
<b>Beginning Balance</b>	23,416,809	30,918,388	28,412,901	0	0	4,441,013	48,399,562	41,032,546	42,026,108	41,820,333	40,207,435	40,768,323	23,416,809
<b>Receipts:</b>													
Property taxes	771,935	992,399	677,565	607,731	12,686,656	42,673,387	269,014	725,150	1,387,997	5,351,474	1,522,892	963,465	68,629,665
Sales taxes	3,110,559	4,368,845	3,398,237	3,478,420	3,439,952	3,588,151	2,788,831	4,650,993	4,420,535	2,920,313	4,403,065	2,554,684	43,122,585
Franchise taxes	1,946,419	2,222,151	2,507,607	2,679,780	1,818,694	2,091,549	1,797,786	2,406,535	2,325,047	1,545,468	3,258,306	3,181,430	27,780,771
Licenses and permits	2,204,910	0	1,143,069	1,261,643	1,035,246	1,440,477	1,166,354	1,610,792	829,280	1,007,201	1,125,749	1,968,232	14,792,952
Federal grants	0	0	0	0	0	0	0	0	0	240	0	0	240
State grants	0	0	0	0	0	484,836	0	0	0	0	0	3,000,240	3,485,076
Other local sources	12,839	63,888	26,585	256,401	243,212	86,007	119,394	76,171	240,471	94,345	293,704	93,933	1,606,950
Interest	520,969	112,324	90,484	114,393	78,566	93,562	108,027	83,029	98,010	77,755	342,932	359,869	2,079,920
Interest allocation	(80,733)	(75,974)	(67,588)	(65,333)	(65,758)	(56,692)	(60,962)	(23,368)	(46,009)	(40,635)	(257,074)	(135,204)	(975,319)
Fines and forfeitures	784,589	756,622	809,902	864,392	804,025	744,719	686,402	919,370	1,057,836	922,955	961,909	1,250,670	10,563,391
Parking meter collections	119,451	219,105	461,939	123,814	132,489	4,164	63,663	401,849	45,901	135,468	142,716	158,793	2,009,351
Charges for services	323,863	135,774	408,891	292,383	397,853	260,969	270,533	400,657	421,807	111,259	378,642	570,723	3,973,352
Interfund reimbursements	95,995	647,534	1,610,122	90,733	69,000	1,501,589	422,775	1,079,722	1,182,504	608,308	339,953	1,711,000	9,359,234
Miscellaneous revenue	87,527	110,165	94,644	124,539	69,965	178,788	126,194	132,956	100,377	171,309	99,119	99,914	1,395,496
Interfund Borrowing	0	0	140,377	4,261,025	0	0	0	0	0	0	0	0	4,401,402
Transfers-in	166,990	19,885	323,065	1,933,033	172,188	3,159,340	204,395	166,895	166,895	3,652,094	77,997	169,901	10,212,675
Note proceeds	19,000,000	0	0	0	0	0	0	0	0	0	0	0	19,000,000
<b>Total receipts</b>	29,065,313	9,572,718	11,624,899	16,022,954	20,882,088	56,250,846	7,962,406	12,630,751	12,230,651	16,557,554	12,689,910	15,947,650	221,437,741
<b>Disbursements:</b>													
Salaries and benefits	9,796,188	9,986,222	8,778,512	13,855,962	9,739,361	9,143,951	10,478,429	9,423,614	10,646,460	15,459,983	9,389,370	9,021,159	125,719,211
Services and support	11,766,886	2,061,814	2,284,826	2,134,432	2,260,093	3,121,752	4,806,455	2,081,896	1,742,408	2,610,650	2,454,446	4,558,256	41,883,914
Capital outlay	660	30,169	7,944	32,560	40,219	26,594	44,538	19,922	47,558	99,819	285,206	1,072,919	1,708,108
Transfers out	0	0	28,966,518	0	0	0	0	111,757	0	0	0	0	29,078,275
Interfund Payback	0	0	0	0	4,401,402	0	0	0	0	0	0	0	4,401,402
Note principal	0	0	0	0	0	0	0	0	0	0	0	19,000,000	19,000,000
Note interest	0	0	0	0	0	0	0	0	0	0	0	463,125	463,125
<b>Total disbursements</b>	21,563,734	12,078,205	40,037,800	16,022,954	16,441,075	12,292,297	15,329,422	11,637,189	12,436,426	18,170,452	12,129,022	34,115,459	222,254,035
<b>Ending Balance</b>	30,918,388	28,412,901	0	0	4,441,013	48,399,562	41,032,546	42,026,108	41,820,333	40,207,435	40,768,323	22,600,514	22,600,514

SALT LAKE CITY CORPORATION

GENERAL FUND CASH FLOW FORECAST SUMMARY

Period covered: July 1, 2010 through June 30, 2011

	July	August	September	October	November	December	January	February	March	April	May	June	Total
<b>Beginning Balance</b>	22,600,514	30,090,686	29,254,259	28,632,174	7,575,813	19,846,040	49,575,029	46,314,243	44,936,785	47,589,452	47,586,382	45,066,320	22,600,514
<b>Receipts:</b>													
Property taxes	714,862	975,055	683,891	644,907	15,558,889	34,067,252	892,013	764,734	3,407,460	2,747,750	1,297,689	820,927	62,575,428
Sales taxes	3,369,673	3,698,177	4,121,582	3,987,362	3,860,450	3,238,498	3,315,524	4,201,044	3,713,573	3,453,354	4,134,804	2,399,081	43,493,122
Franchise taxes	1,758,518	3,855,081	1,913,046	2,018,628	2,209,105	2,117,305	2,364,947	2,095,836	2,338,419	2,595,035	2,371,936	2,315,944	27,953,800
Licenses and permits	1,137,544	1,192,849	545,972	1,300,532	1,496,567	1,489,232	1,850,673	1,257,287	1,166,422	1,204,671	1,189,381	2,079,468	15,910,598
Federal grants	0	0	0	0	0	0	0	0	0	0	0	0	0
State grants	242,418	0	750,000	0	0	750,000	483,828	0	750,000	0	0	750,000	3,726,246
Other local sources	9,114	42,208	139,871	67,865	49,619	161,195	55,311	68,457	135,264	130,456	648,189	207,308	1,714,857
Interest	126,122	104,917	96,038	110,918	97,658	107,687	104,518	101,701	88,294	90,107	84,455	87,585	1,200,000
Interest Allocation	(54,114)	(79,758)	(75,781)	(73,877)	(72,331)	(70,114)	(61,273)	(58,615)	(58,782)	(48,568)	(44,610)	(22,177)	(720,000)
Fines and forfeitures	782,334	816,014	828,505	863,386	851,896	753,704	797,124	891,848	1,017,690	938,578	869,585	1,130,652	10,541,316
Parking meter collections	93,100	248,520	133,875	148,016	85,761	22,057	127,938	140,821	158,494	159,972	132,746	147,700	1,599,000
Charges for services	203,780	321,241	310,947	386,536	326,071	252,128	265,506	374,774	305,309	238,639	287,898	433,955	3,706,784
Interfund reimbursements	331,333	331,333	1,649,745	331,333	331,333	1,649,745	331,333	331,333	1,649,746	331,333	331,333	1,649,746	9,249,646
Miscellaneous revenue	61,812	55,569	55,372	62,186	351,732	56,857	64,273	62,447	56,134	60,983	65,622	66,149	1,019,136
Transfers-in	88,084	166,741	128,674	288,631	253,485	531,442	215,809	581,624	95,742	1,374,824	137,405	299,310	4,161,771
Note proceeds	20,000,000	0	0	0	0	0	0	0	0	0	0	0	20,000,000
<b>Total receipts</b>	28,864,580	11,727,947	11,281,737	10,136,423	25,400,235	45,126,988	10,807,524	10,813,291	14,823,765	13,277,134	11,506,433	12,365,648	206,131,704
<b>Disbursements:</b>													
Salaries and benefits	10,196,002	10,011,443	9,218,487	11,514,433	10,546,405	12,125,818	10,078,378	9,743,961	10,036,917	10,833,122	11,659,637	11,407,439	127,372,042
Services and support	11,154,386	2,490,046	2,571,426	1,832,477	2,532,354	3,231,377	3,947,188	2,392,855	2,090,169	2,397,923	2,328,814	3,934,492	40,903,507
Capital outlay	24,020	62,885	113,909	81,683	51,248	40,804	42,744	53,933	44,012	49,159	38,044	143,522	745,963
Transfers out	0	0	0	17,764,191	0	0	0	0	0	0	0	0	17,764,191
Note principal	0	0	0	0	0	0	0	0	0	0	0	20,000,000	20,000,000
Note interest	0	0	0	0	0	0	0	0	0	0	0	420,000	0
<b>Total disbursements</b>	21,374,408	12,564,374	11,903,822	31,192,784	13,130,007	15,397,999	14,068,310	12,190,749	12,171,098	13,280,204	14,026,495	35,905,453	206,785,703
<b>Ending Balance</b>	30,090,686	29,254,259	28,632,174	7,575,813	19,846,040	49,575,029	46,314,243	44,936,785	47,589,452	47,586,382	45,066,320	21,526,515	21,526,515
<b>Cum. Cash (Def.)/Surp. (excluding Note Proceeds)</b>	10,090,686	9,254,259	8,632,174	(12,424,187)	(153,960)	29,575,029	26,314,243	24,936,785	27,589,452	27,586,382	25,066,320	21,526,515	

**APPENDIX E**

**PROPOSED FORM OF OPINION OF NOTE COUNSEL**

**[LETTERHEAD OF CHAPMAN AND CUTLER LLP]**

**[TO BE DATED CLOSING DATE]**

Re: \$20,000,000  
Salt Lake City, Utah  
Tax and Revenue Anticipation Notes, Series 2010

Ladies and Gentlemen:

At your request, we have examined the following:

A. A certified copy of extracts from the minutes of the meeting of the City Council (the "*City Council*") of Salt Lake City, Utah (the "*City*"), taken on \_\_\_\_\_, 2010, including a resolution adopted by the City Council on that date (the "*Note Resolution*") providing for the issuance, sale and delivery of \$20,000,000 aggregate principal amount of Tax and Revenue Anticipation Notes, Series 2010 (the "*Notes*") of the City, dated the date hereof, being in fully-registered form, in the denominations of \$100,000 or any whole multiple thereof and due as to principal and interest on June 30, 2011;

B. The budget adopted by the City Council for the fiscal year of the City beginning on July 1, 2010 and ending on June 30, 2011 (the "*Current Fiscal Year*");

C. A certificate executed by the City Treasurer of the City evidencing the estimated taxes and other revenues anticipated to be collected by the City for the Current Fiscal Year and certifying that the Notes are the only obligations of the City that have been issued in anticipation of such taxes and other revenues for the Current Fiscal Year;

D. A certificate of the Mayor and the City Treasurer of the City estimating the maximum anticipated cumulative cash flow deficit to be financed by the Notes and addressing certain other matters, such certificate having been rendered for the purpose of evidencing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "*Code*"), and applicable regulations promulgated by the United States Treasury; and

E. The form of the Notes prescribed in the Note Resolution;

together with such additional certificates, affidavits, documents and showings as in our judgment were deemed necessary for the purpose of rendering this opinion.

Based on such examination, it is our opinion that:

1. The above-described form of the Notes is in due form of law and conforms to and is in accordance with the provisions of the Note Resolution and the applicable provisions of law.

2. The proceedings taken by the City Council preliminary to the issue by the City of the Notes conform to and are in accordance with provisions of applicable Utah law, and the above-described issue, to the amount named, is valid and legal and payable as set forth below.

3. The Notes are issued pursuant to applicable law in anticipation of the collection of taxes and other revenues of the City levied and yet to be collected for the Current Fiscal Year.

4. The City Council has covenanted to levy and collect, or cause to be levied and collected, for the Current Fiscal Year, taxes on all taxable property within the City, within the limit provided by law, together with other budgeted revenues to be received during the Current Fiscal Year, that shall be sufficient to pay principal of and interest on the Notes as the same fall due and all budgeted maintenance and operation and other expenses of the City for the Current Fiscal Year, and has appropriated a sufficient fund for the payment of the principal of and interest on the Notes as the same shall fall due.

5. Subject to the City's compliance with certain covenants, under present law, interest on the Notes (a) is excludable from gross income of the owners thereof for federal income tax purposes, (b) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code and (c) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. Ownership of the Notes may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Notes.

6. Under the existing laws of the State of Utah, as presently enacted and construed, interest on the Notes 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 Notes may result in other state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Notes.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts solely within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. 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.

We express no opinion as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Notes.

Respectfully submitted,