
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: January 12, 2007

SUBJECT **Salt Lake City's Comprehensive Annual Financial Report
and Letter to Council and Mayor on Internal Controls**

AFFECTED COUNCIL DISTRICTS: Citywide

STAFF REPORT BY: Gary Mumford

ADMINISTRATIVE DEPT. Management Services

AND CONTACT PERSON: Gordon Hoskins

CC: Gordon Hoskins, Ross Youngberg

KEY ELEMENTS:

The following four documents relating to the City's annual financial statements and to the independent financial audit are included in your packet:

Comprehensive Annual Financial Report – In December, the Department of Management Services prepared and issued the City's Comprehensive Annual Financial Report for the year ended June 30, 2006. The CPA firm Hansen, Barnett & Maxwell audited the financial statements. Representatives of the CPA firm and a representative from the Department of Management Services will be present at the work session to answer questions that the Council may have regarding the comprehensive annual financial report.

Management Letter – In performing the audit, the auditors reviewed the City's internal control structure in order to determine auditing procedures. Although the audit was not designed to provide complete assurance on the internal control structure, the auditors noted certain matters in a letter submitted to the Council and Mayor. The recommendations contained in this letter are designed to help the City achieve operational efficiencies and ensure legal compliance with state and federal laws and regulations.

State Compliance Report – As part of the audit, the CPA firm audited the City's compliance with provisions applicable to state assistance programs as required by the State of Utah Legal Compliance Audit Guide. In the auditors' opinion, the City complied, in all material respects, with the compliance requirements of major State assistance programs for the year ended June 30, 2006.

Federal Compliance Report – As required by the U.S. Office of Management and Budget, the CPA firm provided an opinion relating to compliance with federal laws, regulations, contracts and grants applicable to the City's major federal programs. The independent auditors' report on compliance with major federal award programs expressed an unqualified report. Attached to the auditors' report is a schedule of expenditures of federal awards.

MATTERS AT ISSUE:

Comprehensive Annual Financial Report – The independent auditors’ report expressed an unqualified opinion that the basic financial statements present fairly, in all material respects, the financial position of the City in conformity with generally accepted accounting principles. The City’s Comprehensive Annual Financial Report shows that the general fund received \$181 million of revenue for the year ended June 30, 2006 while expenditures were \$179 million resulting in an increase to fund balance of \$2 million. Fund balance of the general fund was \$28.7 million as of June 30, 2006 after excluding encumbrances (outstanding purchase orders and contracts). As of January 1, 2007, the City Council reduced this fund balance to \$22.8 million as a result of appropriations in the annual budget and in budget amendments or commitments. The remaining fund balance represents 12.4% of general fund revenue. Of this amount, \$4.4 million is in excess of the Council’s usual goal of maintaining a reserve of at least 10% of general fund revenue.

Recommendations, observations and legal compliance exceptions – The letter to management contains seven recommendations or observations relating to internal control and legal compliance. Please refer to the auditors’ letter for a more comprehensive discussion of the observations and recommendations.

1. Classification of Capital Assets – The auditors noted that an interim payment of \$640,000 on a radio communication system was not recorded as work-in-progress at the end of the year.

Response – One of the procedures to identify expenditures that should be capitalized has been modified to include examining the Grants Operating Fund as well as other special revenue funds that traditionally have not been used to purchase capital assets.

2. Contract Payment Request Form – During the auditors search for unrecorded liabilities, they noted that the contract payment request form for construction projects didn’t include the dates that the work was performed, which caused city personnel to assume that contractors always bill monthly, which might not be the case.

Response – The form has been modified to eliminate this ambiguity.

3. Bank Reconciliation for Credit Card Cash Receipts – The auditors noted one instance where a credit card receipt was still outstanding on the following month’s bank reconciliation without any documentation for the auditors to examine. The auditors recommended that documentation for cash receipt adjustments be kept to support bank reconciliations.

Response – This particular item was the difference between the City’s accounting book entry vs. the credit given by the bank and was later cleared.

4. Golf Cash Receipts – The auditors found that there was no documentation for some pro shop transactions that were cancelled. The auditors recommended that the existing golf course cash handling policies be followed, which require documentation of voided transactions.

Response – The Golf Division will conduct training sessions periodically with both full-time and seasonal pro shop employees to impress upon them the need to comply with this policy.

Note from Council staff – Council staff’s understanding is that this is a paperwork problem since other cash controls have been balancing. The golf director has taken this finding very seriously and is committed to provide periodic cash handling training.

State Compliance

5. Filing of State Legal Compliance Audit Report – Cities are required to submit a copy of their State Legal Compliance Audit Report to UDOT relating to class C road funds within six months of their fiscal year end. The state compliance report for the year ended June 30, 2005 was not filed with UDOT within the six-month time period.

Response –The Finance Division relies on the outside auditors to complete this report.

Note from Council staff – There has never been a problem in the past when this report was a few weeks late. The Finance Division and the auditors are committed to submitting the state compliance report on time next year.

6. Expenditures in Excess of Appropriations – The Arts Council (a special revenue fund) incurred expenditures in excess of budgeted amounts. In addition, non-departmental expenditures in the general fund exceeded budget. The auditors also noted that actual transfers out exceeded budgeted amounts for the Capital Projects Fund, Community Development Operating Fund, Grants Operating Fund, and Donation Fund.

Response –The Arts Council incurred some expenditures very close to the end of the fiscal year that were higher than anticipated. Arts Council management will continue efforts to keep actual expenditures in line with budgeted expenditures. The other items reflect classification differences between viewing transfers as no different from other expenditures versus viewing them as stand-alone items within each fund. The Finance Division will develop procedures to identify those classification issues and address this concern.

Note from Council staff – The Nondepartmental budget is split between expenditures and transfers-out. Council staff's understanding is that a transfer to the Insurance & Risk Management fund was budgeted as a transfer-out but handled as an expenditure. The entire Nondepartmental budget is under budget but when transfers are separated there is a positive variance in transfers-out and a negative variance in the expenditure portion. The Finance Division is aware and will take action to address this in the future.

Federal Compliance

7. Maintenance of Grant Agreements and Contracts – During the audit of federal expenditures, the auditors noted that a grant specialist responsible for overseeing compliance with federal requirements was not aware of certain compliance requirements because the specialist had not been provided a copy of certain articles of agreement executed by the City.

Response –The oversight occurred with a grant from the Department of Homeland Security. More than one Salt Lake City department is involved with Homeland Security grants. The City's Emergency Program Manager will now be responsible for distributing copies of the articles of agreement to those overseeing compliance.

SALT LAKE CITY CORPORATION
SALT LAKE CITY, UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2006
With
INDEPENDENT AUDITORS' REPORT

Prepared by
Department of Management Services
Rocky J. Fluhart, Chief Administrative Officer
Gordon Hoskins, Finance Director

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November 18, 2006
The Honorable Mayor and Members of the City Council
Salt Lake City Corporation

Overview

The Comprehensive Annual Financial Report of Salt Lake City Corporation ("the City") for the fiscal year ended June 30, 2006, is submitted herewith.

These financial statements have been prepared by the Salt Lake City Department of Management Services in accordance with Generally Accepted Accounting Principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, are the responsibility of the management of the City.

We believe the data, as presented, is accurate in all material respects and is presented in a manner that fairly sets forth the following aspects of the City: (1) the financial position of the governmental activities; (2) the business-type activities; (3) the discretely presented component unit; (4) each major fund; (5) the aggregate remaining fund information; (6) the respective changes in financial position and (7) applicable cash flows. In order to provide a reasonable basis for making these representations, the management of Salt Lake City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Salt Lake City Corporation's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Salt Lake City Corporation's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this report is complete and reliable in all material respects.

Hansen, Barnett & Maxwell, an independent firm of Certified Public Accountants, has audited these basic financial statements and related notes. Their report is included herein. The goal of the independent audit was to provide reasonable assurance that the financial statements of Salt Lake City Corporation for the fiscal year ended June 30, 2006 are free of material misstatements. This independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management.

Additionally, Hansen, Barnett & Maxwell audited the compliance requirements of the City's federal and state grant programs for the year ended June 30, 2006 as part of the federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. That report is available under a separate cover.

This annual report consists of three parts. The **Introductory Section** includes an organizational chart and this transmittal letter. The **Financial Section** includes the report of independent auditors, management's discussion and analysis, the financial statements and related notes. The management's discussion and analysis is designed to provide a narrative introduction, overview and analysis to accompany the basic financial statements. Also contained in the financial section are the Required Supplementary Information and the Supplementary Information. The Required Supplementary Information includes budgetary information for the City's major governmental funds. The Supplementary Information includes balance sheets and income statements and budgetary information for nonmajor governmental funds, nonmajor proprietary funds, internal service funds, as well as all other budgetary information for major proprietary funds and project schedules. The **Statistical Section** includes several tables of unaudited data depicting the financial history of the City as well as miscellaneous statistics.

Profile of Salt Lake City

Salt Lake City lies between the Wasatch Mountains and the Great Salt Lake at an altitude of 4,200 feet. Permanent settlement of the City began on July 24, 1847, when Brigham Young with a party of 148 Mormon pioneers entered the Salt Lake Valley after a 1,500-mile trek westward. Salt Lake City was incorporated on January 6, 1851 and soon became a major center for trade and commerce with the wagon trains carrying settlers and miners westward. Within a few years of the pioneers' arrival, other communities were settled throughout the Salt Lake Valley. Due to continuous economic and population growth, most of these cities in the valley survived and prospered, and have grown into a single large metropolitan area of over 700,000 people. Salt Lake City is the commercial center of this metropolis.

Salt Lake City is also the center of the scenic intermountain west. Within a day's drive of the City, travelers can visit 70% of the officially designated national parks and monuments of America. The Wasatch Mountains, east of the City, are well known for their ski resorts, which are within a 45-minute drive from downtown Salt Lake City. Over 200,000 out-of-state skiers come to these resorts each year. The scenic Wasatch Front provided an excellent backdrop, as the City hosted the 2002 Winter Olympics.

In 2004, Salt Lake City was chosen by the State of Utah as a Quality Growth Community. This designation shows that the community has completed a comprehensive planning process covering economic development, housing, conservation, and infrastructure efficiency. This further shows that Salt Lake City is a leader in the region.

Salt Lake City is the international headquarters of The Church of Jesus Christ of Latter-day Saints, or "Mormon" Church. At Temple Square in downtown Salt Lake City, 2-1/2 million visitors see the famous Salt Lake Temple, Tabernacle, and visitor centers each year.

The Salt Palace Convention Center (located in downtown Salt Lake City) plays host to many different activities. This facility has a 45,000 square foot ballroom, 365,000 square feet of exhibit space, and a total of 100,000 square feet of meeting space. It is wired with miles of wire and fiber optic cable for up-to-date computer and communications, including satellite uplink capability and includes a wireless network.

Several universities and colleges are located in or near Salt Lake City. The University of Utah is located on the east bench of Salt Lake City. This university was founded in 1850 and is the oldest mainland university west of the Missouri River. Approximately 29,000 full and part-time students are enrolled. The Utah Museum of Fine Arts and the Utah Museum of Natural History are located on the University of Utah campus. The University includes a medical school and hospital.

Westminster College of Salt Lake City, Salt Lake Community College, and LDS Business College are also located in Salt Lake City. Three other universities—Utah State University, Weber State University, and Brigham Young University—as well as Utah Valley State College are all located within a two-hour drive from Salt Lake City. These institutions reflect the community's emphasis and dedication to higher education and job skill development.

Salt Lake City also has many opportunities for recreational and cultural activities. The EnergySolutions Arena, located three blocks directly west of Temple Square, is the home of the Utah Jazz, the 1997 and 1998 Western Conference Champions of the National Basketball Association. Franklin Covey Field, just south of downtown, is the home field of the Salt Lake Stingers, a minor league baseball team. In 2005, the University of Utah Rice-Eccles Stadium hosted the premier season of Real Salt Lake, a Major League Soccer team. Miller Motorsports park in nearby Tooele, opened in April 2006 and hosted AMA Superbike and Supermoto races, an American LeMans race, and Grand America Road Racing, and was named the "Motorsports Facility of the Year by the Professional Motorsport World Expo (*The Enterprise*, Nov 27 – Dec 3, 2006.)

Also downtown, directly north of the Salt Palace, is Symphony Hall, home of the Utah Symphony Orchestra. The Salt Lake Art Center with its gallery and art school facilities is located adjacent to Symphony Hall. A few blocks south of Symphony Hall, Salt Lake's historic Capitol Theater serves as the home of Ballet West, Repertory Dance Theater, Ririe-Woodbury Dance Company, and the Utah Opera Company. Nearby, the John W. Gallivan Utah Center is a gathering place for the business and commercial community. The Center's plaza includes an aviary, a 1,000-seat amphitheater, many unique art pieces, and an outdoor pond, which becomes an ice skating rink during the winter. The City also hosts Theater 138, Pioneer Memorial Theater, Utah Civic Opera Company, Hansen Planetarium, and the Utah Heritage Foundation.

Salt Lake City is a major transportation crossroads in the intermountain west. Three major railroads, nine major airlines, two bus lines and many truck lines serve the area. The City is located at the convergence of four major highways and two interstate highway systems. The Salt Lake International Airport is a major intermountain air transportation hub and a principal hub and reservation center for Delta Air Lines.

The Utah Transit Authority operates an outstanding commuter bus and light rail system in Salt Lake City and throughout neighboring counties. The Utah Transit Authority has been awarded the Outstanding System Achievement Award for being the top transit operation of its size in the country and the John A. Volpe Safety Award for being the safest system in the country. Salt Lake City and the Utah Transit Authority's TRAX light-rail system were also recently honored by *Sierra Magazine* for the "Biggest Transit Turnaround" (*The Salt Lake Tribune*, June 28, 2006).

Ninety percent of Salt Lake City's residents rate their overall quality of life as high or very high (Salt Lake City Resident Survey, 2005). *Outside Magazine* also recognized this high quality of life when they ranked Salt Lake City as one of the ten Best Towns in the U.S. (August 2005). The criteria for these "Dream Towns" were cities that were "cleaner, greener and smarter". Cities that made the list had a commitment to open space, smart solutions to sprawl and gridlock, a can-do community spirit, and an active embrace of the adventurous life. They also looked for cities using green design, green-thinking mayors, thriving farmers' markets and healthy job markets.

The City provides a full range of municipal services including police, fire, recreational activities including eight municipal golf courses, libraries, water, sewer, storm water, airports, public improvements, highways and streets, planning and zoning, and general administrative services.

Factors Affecting Financial Condition

Summary of Local Economy

Salt Lake City is the capital city and commercial and industrial center for the State of Utah. The Department of Community and Economic Development aggressively promotes the City as a location for new businesses. The Salt Lake City-Ogden metropolitan area has been named the number one area for a woman running a business. The National Association of Women Business Owners ranked the Salt Lake metropolitan area first nationally in the percentage of growth of women-owned businesses and for their employment levels and sales over the past five years (*Deseret News*, June 24, 2002).

In addition, Utah has been ranked ninth in a state-by-state comparison study highlighting the states that are best positioned to succeed in the technology-led information age. The study, released by the Milken Institute, concluded that investments in science and technology, from higher education to industry research and development, are crucial factors in deciding the fate of regional economies. Individual measurements include everything from the percentage of state's population with PhD's to research and development expenditures per capita (Milken Institute, August 2002). Utah was also named one of the top ten U.S. regions for medical technology industry expansion in 2003 (*MX magazine*, November/December 2002). The University of Utah, the state's largest public university, and its high technology Research Park are both located in Salt Lake City.

Showing its leadership in preserving the environment, Salt Lake City was chosen as a Green Power Purchaser of the Year by the Environmental Protection Agency and the Department of Energy in 2004. This designation was designed to recognize partner's efforts in purchasing renewable energy.

Additionally, Salt Lake City has been recognized for its smart-growth planning in the Sierra Club's annual "Building Better" report. Salt Lake City is one of 12 American cities the Sierra Club recognized for a "commitment to vibrant development geared towards mass transit instead of urban sprawl" (*The Salt Lake Tribune*, December 1, 2005).

Salt Lake City's workforce is widely known as being "overwhelmingly enthusiastic" and "the model for high productivity". This praise is well earned—Salt Lake City workers have one of the highest literacy rates in the country, and, additionally, many are fluent in multiple languages—a skill increasingly crucial to successful international trade. According to a 2005 U.S. Census Bureau report, in Utah 74% of the households own a computer, higher than any other state in the nation. Sixty-three percent of the households use the Internet, the fifth highest usage in the nation. This wired workforce allows Salt Lake City to continue to be a strong center for technology workers.

Metropolitan Salt Lake City is ranked tenth among the most competitive areas in the world in the global knowledge economy (*The World Knowledge Competitiveness Index 2002* by United Kingdom's Robert Huggins Associates). The Salt Lake City-Ogden metropolitan area is ranked number 28 among today's hottest cities for business expansion (*Expansion Management magazine*, January 2003).

Salt Lake City—as a business, cultural, educational, and religious center—faces a number of challenges common to capital cities nationally. While Salt Lake City continues to be a vibrant city, it has felt the effects of the struggling national economy.

Employment Activity

Salt Lake City is the central city to 1.7 million inhabitants residing in four counties within an hour's drive from downtown. The majority of Utah's 2.4 million people live in the Wasatch Front urban corridor stretching from Ogden to Provo. The City's daytime population increases greatly as a significant portion of the state's total work force commutes to jobs located within the city limits.

Following national trends, Salt Lake City experienced declining employment in the first years of the millennium. While the loss of some jobs can be accounted for by the completion of preparations for the Winter Olympics and the layoffs that occurred after the Olympics, employment also declined in the important sectors of manufacturing, transportation, communications, utilities, finance, insurance, real estate, and professional business services between 2001 and 2002. However, 2003 brought a slight rebound. This rebound gained strength in 2004, 2005 and in the first half of 2006. For the year ending August 31, 2006, Utah posted a job growth rate of 4.4% which placed it in the top five states in the nation. However, the growth has been leveling off due to a shortage of workers. In spite of this, 40% of the respondents in a survey of Salt Lake City area employers said that they planned on hiring more workers in the fourth quarter of 2006 (*The Salt Lake Tribune*, September 12, 2006).

Taxable Sales Activity

Salt Lake City's total taxable sales have reflected both the national and regional economy. From 2001 to 2002, taxable sales in Salt Lake City declined 1.6%, a definite slow down from the robust growth of the mid 1990's. Rebounding slightly in 2003, taxable retail sales in Salt Lake City grew by 1.9%. This modest growth slowed to 1.4% in 2004. In 2005, taxable sales began to show more robust growth of 7% due to increases in construction and car sales and increases in other non-durable goods. In 2006, taxable sales growth continued at 9%. The Utah State Tax Commission expects this trend in taxable sales to moderate in the near future.

Other Economic Indicators

During the 1990s, Salt Lake City experienced a great deal of construction activity. During the early 2000s, the construction industry slowed considerably. In 2002 permit authorized construction declined by 10% and in 2003, permit authorized construction fell by almost 26%. However, in 2004 and 2005, the local construction industry has rebounded greatly showing an 8% growth in building permit fees in 2004 and a 51% growth in 2005. While a portion of the increase in 2005 is due to an increase in the permit fee structure, the majority of the increase is due to increased activity. In 2006, building permit fee growth continued with a strong growth rate of nearly 16%.

Salt Lake City's downtown is projected to see significant growth in the next several years, according to a study commissioned by the Salt Lake City Downtown Alliance (Economic Benchmarks for Salt Lake City's Central Business District, James A Wood, Bureau of Economic and Business Research, University of Utah, June 2005). The study indicated that employers added 1,500 jobs in 2004, and office employment has recovered to 2001 levels. Retail sales, adjusted for inflation, increased by nearly \$84 million in 2004 compared to sales in the year 2000. In the next five years as much as \$1.5 billion in new investment could occur in the downtown area. Projects in the planning stages include at least 13 major office, retail and higher education construction projects.

The study also predicted an increase in the population in the downtown area. By 2010, the Central Business District is expected to have 10,000 residents, compared to 6000 currently. Since 2002, five new housing developments have been completed in the downtown area. The demand for this new housing has been strong, and continues to grow.

Summary Outlook

While Salt Lake City has felt the lingering effects of the national economic slowdown, it continues to be a vibrant city with optimistic forecasts, especially for its downtown area. An economic rebound has begun, and modest growth over the next five years is expected.

Economic and Financial Planning

As part of an overall strategic planning process, Salt Lake City developed several goals and objectives designed to keep the City on a firm financial footing. These goals and objectives include the following. Attract and retain small businesses by increasing the number of small business loans issued by at least five a year. Increase the number of businesses relocating to the City or expanding by at least 10 a year. Increase the number of non-agricultural jobs in Salt Lake City by 2% a year. Ensure that each Salt Lake City fund is financially secure by building and then maintaining a fund balance of 18% in the General Fund, by adding at least 1% of revenues per year to retained earnings in the Internal Service funds, by maintaining cash reserves of 25% of the operating expenses in the Airport Enterprise fund, and by maintain cash reserves of 9-10% in the Utilities Enterprise funds. Maintain Aaa and AAA Moody's and Fitch general obligation bond ratings by maintaining modest debt levels.

Internal Control Structure

The City utilizes a computerized financial accounting system, which includes a system of internal accounting controls. These controls are designed to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management. The City adheres to the above framework for internal controls. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

The City Council approves all City budgets at a departmental level. The City Council then may amend the budget by motion during the fiscal year. The Mayor may approve transfers of funds from one object or purpose to another within the same department.

Budgetary control is maintained at the department level where expenditures may not legally exceed appropriations. Budgetary control is also maintained in governmental funds by the encumbrance of estimated purchase and construction contract amounts prior to the release of purchase orders or contracts to vendors. Purchase orders which result in an overrun of department appropriations cannot be released until additional appropriations are made available. For purposes of budgetary control, all funds except for the General Fund are considered a department. Open encumbrances are reported as reservations of fund balance at year-end for only the General Fund.

Cash Management

The City's investment of its temporarily idle funds has as its major objectives: safety of principal, need for liquidity, and maximization of the City's investment income opportunities. Investment earnings strengthen the City's overall financial standing and add annually to its revenues. Cash of the various funds is pooled in order to obtain the best interest rates and ensure that all temporarily idle cash is invested.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA), awarded a Certificate of Achievement for Excellence in Financial Reporting to Salt Lake City Corporation for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. The City has now received this, or an equivalent award for over 20 years.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Department of Management Services. We appreciate Hansen, Barnett & Maxwell, Certified Public Accountants, for the assistance and guidance they have given us. We also thank the members of the City Council and the Mayor for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,

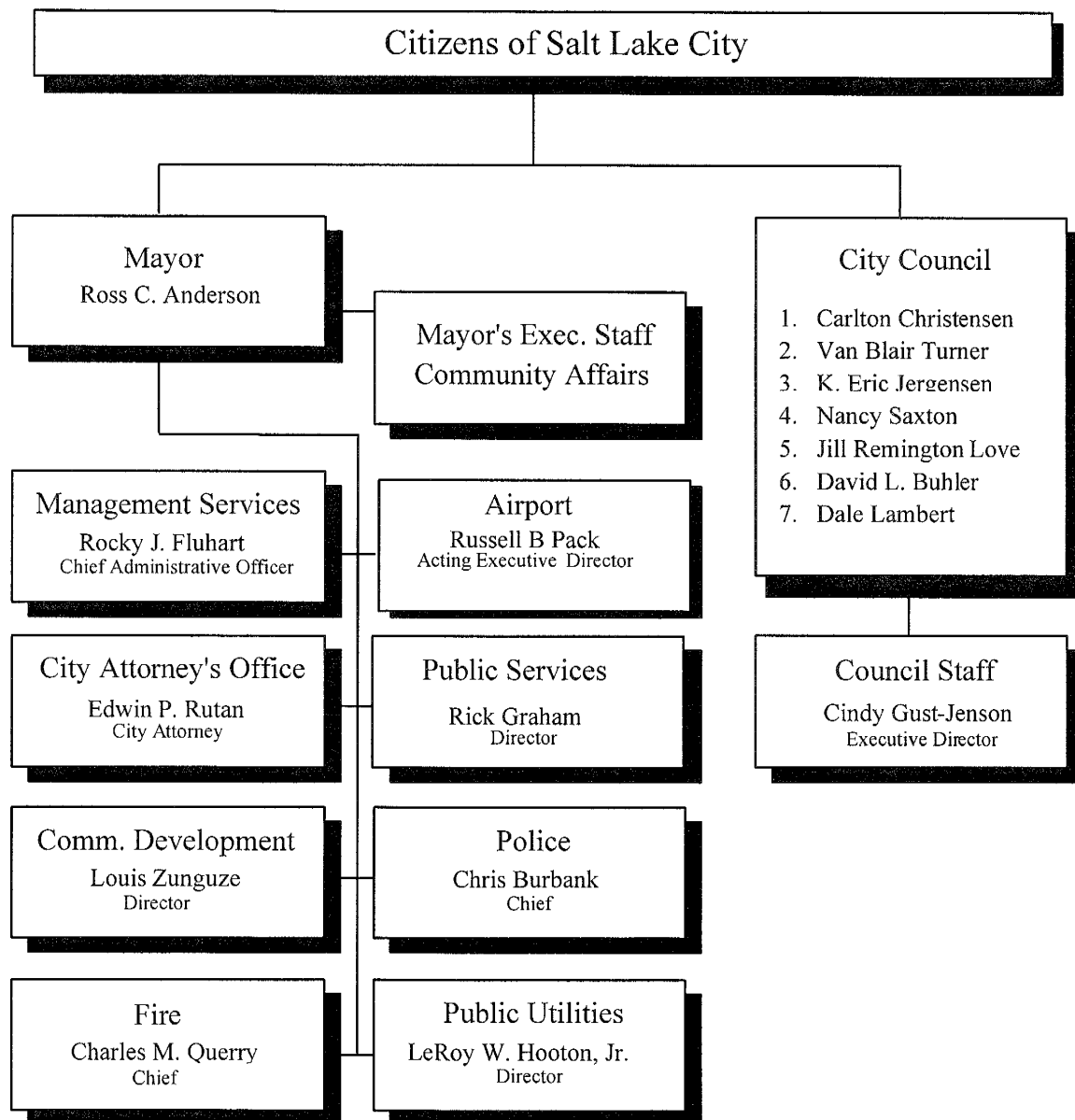
A handwritten signature in dark ink, appearing to read 'Gordon Hoskins', written in a cursive style.

Gordon Hoskins
Finance Director

Salt Lake City Corporation

Organizational Structure

Fiscal Year 2005-2006



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Salt Lake City
Corporation, Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

Financial Section

HANSEN, BARNETT & MAXWELL

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



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, 2006, 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, 2006, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary combining and individual statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of City's management. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2006 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Hansen Barnett & Maxwell". The script is cursive and fluid.

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah
November 18, 2006

SALT LAKE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

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, 2006. As management of the City, we encourage readers to consider information contained in this discussion along with the transmittal letter on pages vx.

FINANCIAL HIGHLIGHTS

The assets of Salt Lake City (the City) exceeded its liabilities at the end of the current fiscal year by \$1,871,016,309 (net assets). Of this amount, \$392,311,465 (unrestricted net assets) is available to meet ongoing obligations to citizens and creditors.

Net assets increased by \$91,911,918. This included a decrease in net assets of \$3,515,520 in the Governmental funds and an increase of \$95,427,438. During 2006 assets were transferred from governmental activities to business-type activities. The most substantial portion of these transfers were from the Grants fund to the Housing Fund and from the Municipal Building Fund to the Golf Fund.

The City's Governmental funds reported combined ending fund balance of \$84,776,897, a decrease of \$12,787,631 compared to the prior years' ending amount and a decrease of Fund Balance of \$20,584,904 from the Housing Fund that was reclassified as a Business-type activity in 2006. Of the combined total fund balance, \$47,625,740 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, 2006 totaled \$28,761,202, is 16 percent of the General Fund total revenues for the year and 60 percent of governmental unreserved and undesignated fund balance. The General Fund, also has approximately \$2,800,000 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 decreased by approximately \$20,831,693. The City issued new Special Assessment Bonds of \$472,000. These funds were used for new lighting in the Rose Park Lighting Construction district.

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, 2006

(Police and Fire), streets and recreation (Public Services); and housing and other development (Community and Economic Development). The business-type activities include water, sewer, storm-water, airport, 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, all 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, 2006

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.

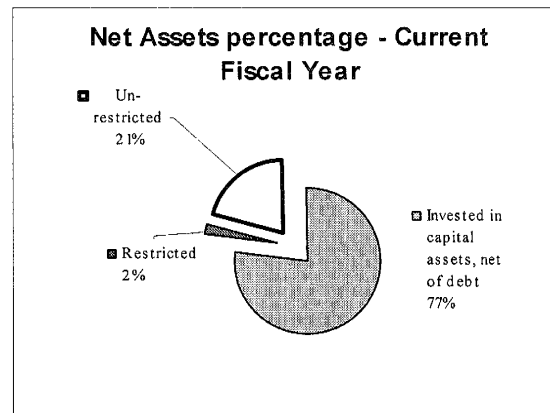
The fiduciary fund financial statements can be found as listed in the table of contents.

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 | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Current and other assets | \$ 185,919 | \$ 236,086 | \$ 465,778 | \$ 411,609 | \$ 651,697 | \$ 647,695 |
| Capital assets | 537,595 | 532,872 | 1,168,432 | 1,100,969 | 1,706,027 | 1,633,841 |
| Total assets | <u>\$ 723,514</u> | <u>\$ 768,958</u> | <u>\$ 1,634,210</u> | <u>\$ 1,512,578</u> | <u>\$ 2,357,724</u> | <u>\$ 2,281,536</u> |
| Current and other liabilities | \$ 98,307 | \$ 110,307 | \$ 53,058 | \$ 52,462 | \$ 151,365 | \$ 162,769 |
| Long term liabilities | 157,254 | 166,597 | 178,088 | 173,065 | 335,342 | 339,662 |
| Total liabilities | <u>\$ 255,561</u> | <u>\$ 276,904</u> | <u>\$ 231,146</u> | <u>\$ 225,527</u> | <u>\$ 486,707</u> | <u>\$ 502,431</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | \$ 382,648 | \$ 358,064 | \$ 1,049,032 | \$ 982,029 | \$ 1,431,680 | \$ 1,340,093 |
| Restricted | 7,730 | 7,756 | 39,295 | 23,327 | 47,025 | 31,083 |
| Unrestricted | 77,575 | 126,234 | 314,737 | 281,695 | 392,312 | 407,929 |
| Total net assets | <u>\$ 467,953</u> | <u>\$ 492,054</u> | <u>\$ 1,403,064</u> | <u>\$ 1,287,051</u> | <u>\$ 1,871,017</u> | <u>\$ 1,779,105</u> |

By far the largest component of Salt Lake City's net assets is its investment in capital assets. The 77 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.



An additional part of net assets (2 percent) is assets that are subject to external restrictions on how they may be expended (debt reserve funds or unexpended debt proceeds). The remaining 21 percent of net assets (\$392,311,465) can be used to meet the City's ongoing obligations to its creditors and to citizens.

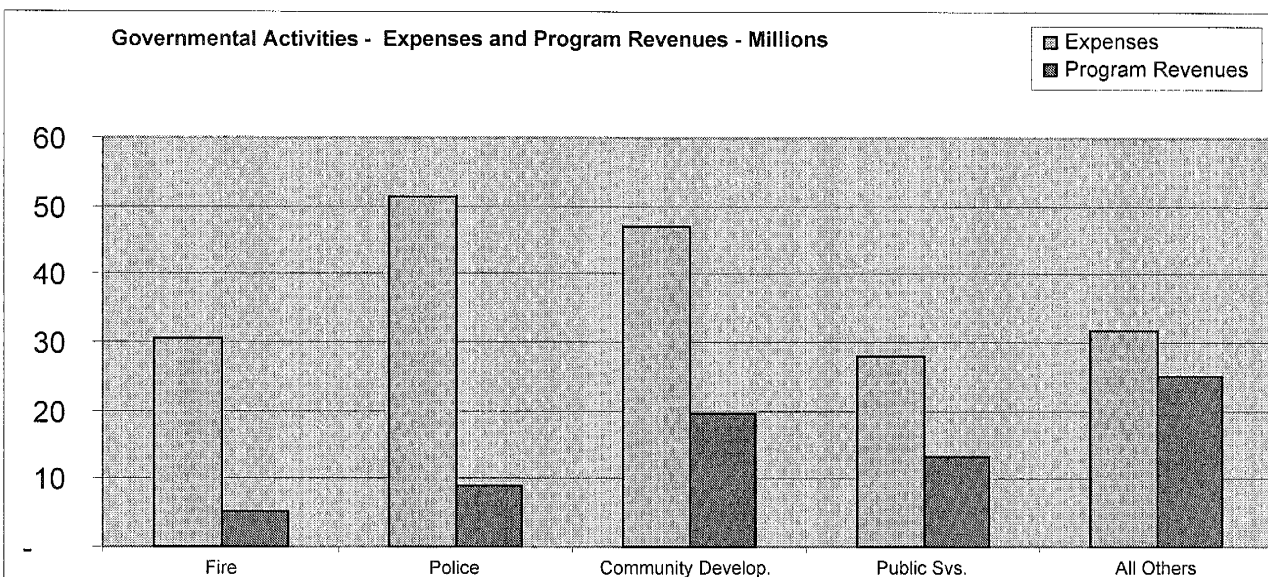
SALT LAKE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

| SALT LAKE CITY CORPORATION'S Changes in Net Assets | | | | | | |
|--|----------------------------|----------------|-----------------------------|------------------|------------------|------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for Services | \$ 49,669,403 | \$ 61,918,582 | \$ 252,453,514 | \$ 232,114,923 | \$ 302,122,917 | \$ 294,033,505 |
| Operating grants and contributions | 17,798,035 | 14,423,739 | 29,016,887 | 29,395,312 | 46,814,922 | 43,819,051 |
| Capital grants and contributions | 4,805,289 | 5,795,746 | - | - | 4,805,289 | 5,795,746 |
| General Revenues | | | | | | |
| Property taxes | 64,341,469 | 66,695,537 | - | - | 64,341,469 | 66,695,537 |
| Other taxes | 72,862,284 | 68,193,927 | - | - | 72,862,284 | 68,193,927 |
| Transfers | (16,313,366) | 210,773 | 16,313,366 | (210,773) | - | - |
| Investment Earnings | 5,360,082 | 5,090,504 | 12,003,182 | 6,462,479 | 17,363,264 | 11,552,983 |
| Total revenues | 198,523,196 | 222,328,808 | 309,786,949 | 267,761,941 | 508,310,145 | 490,090,749 |
| Expenses | | | | | | |
| General Government | 13,425,991 | 1,821,060 | | | 13,425,991 | 1,821,060 |
| Council | 1,604,953 | 1,546,212 | - | - | 1,604,953 | 1,546,212 |
| Mayor | 1,694,100 | 1,470,109 | - | - | 1,694,100 | 1,470,109 |
| City Attorney | 4,317,765 | 3,571,933 | - | - | 4,317,765 | 3,571,933 |
| Management Services | 10,647,297 | 10,644,233 | - | - | 10,647,297 | 10,644,233 |
| Fire | 30,687,791 | 27,893,933 | - | - | 30,687,791 | 27,893,933 |
| Police | 51,487,268 | 48,720,463 | - | - | 51,487,268 | 48,720,463 |
| Community and Economic Development | 28,093,445 | 17,367,287 | - | - | 28,093,445 | 17,367,287 |
| Public Services | 47,109,937 | 38,931,172 | - | - | 47,109,937 | 38,931,172 |
| Nondepartmental | - | 12,291,477 | - | - | - | 12,291,477 |
| Infrastructure depreciation | 5,116,245 | 7,031,717 | - | - | 5,116,245 | 7,031,717 |
| Interest on long-term debt | 7,853,924 | 11,329,180 | - | - | 7,853,924 | 11,329,180 |
| Water | - | - | 44,384,195 | 38,000,843 | 44,384,195 | 38,000,843 |
| Department of Airports | - | - | 113,981,232 | 104,371,496 | 113,981,232 | 104,371,496 |
| Sewer | - | - | 12,645,891 | 12,640,979 | 12,645,891 | 12,640,979 |
| Housing Loans | - | - | 1,002,673 | - | 1,002,673 | - |
| Redevelopment Agency | - | - | 15,942,175 | 17,167,999 | 15,942,175 | 17,167,999 |
| Intermodal Hub | - | - | 2,116,349 | - | 2,116,349 | - |
| Storm Water Utility | - | - | 4,441,798 | - | 4,441,798 | - |
| Refuse Collection | - | - | 11,321,584 | - | 11,321,584 | - |
| Golf | - | - | 8,475,978 | - | 8,475,978 | - |
| Other Activities | - | - | - | 19,224,796 | - | 19,224,796 |
| Total Expenses | 202,038,716 | 182,618,776 | 214,311,875 | 191,406,113 | 416,350,591 | 374,024,889 |
| Increase in net assets | (3,515,520) | 39,710,032 | 95,475,074 | 76,355,828 | 91,959,554 | 116,065,860 |
| Net assets beginning | 492,053,446 | 452,343,414 | 1,287,050,945 | 1,210,695,117 | 1,779,104,391 | 1,663,038,531 |
| Net Asset beginning as restated | 471,468,542 | - | 1,307,635,849 | - | 1,779,104,391 | - |
| Net assets ending | \$ 467,953,022 | \$ 492,053,446 | \$ 1,403,110,923 | \$ 1,287,050,945 | \$ 1,871,063,945 | \$ 1,779,104,391 |

ACTIVITIES, GOVERNMENTAL AND BUSINESS-TYPE

Governmental Activities net assets decreased by \$3,515,520 for the year ended June 30, 2006, which is -4% of the total increase in net assets for Salt Lake City Corporation as a whole. The major reasons for the decrease is the transfer of property in the MBA internal service fund (a governmental activity) to the Golf fund (an business-type activity.)

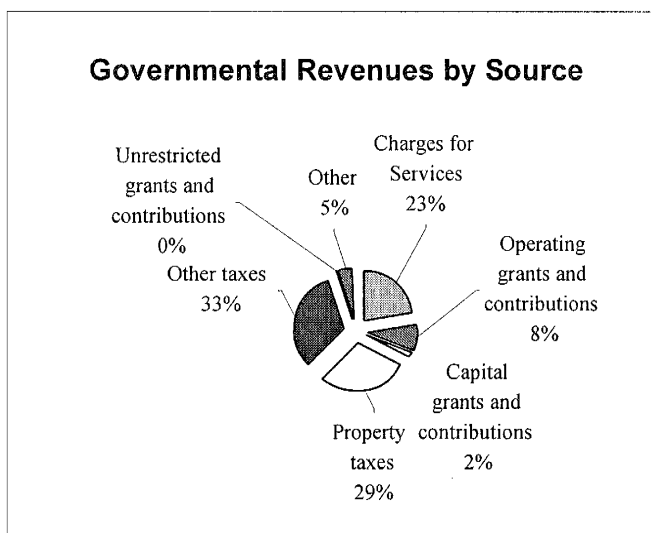
SALT LAKE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Business-type activities contributed increased net assets in the amount of \$95,427,438 or 104% of the total increase to net assets. The most significant reason for this increase is the 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

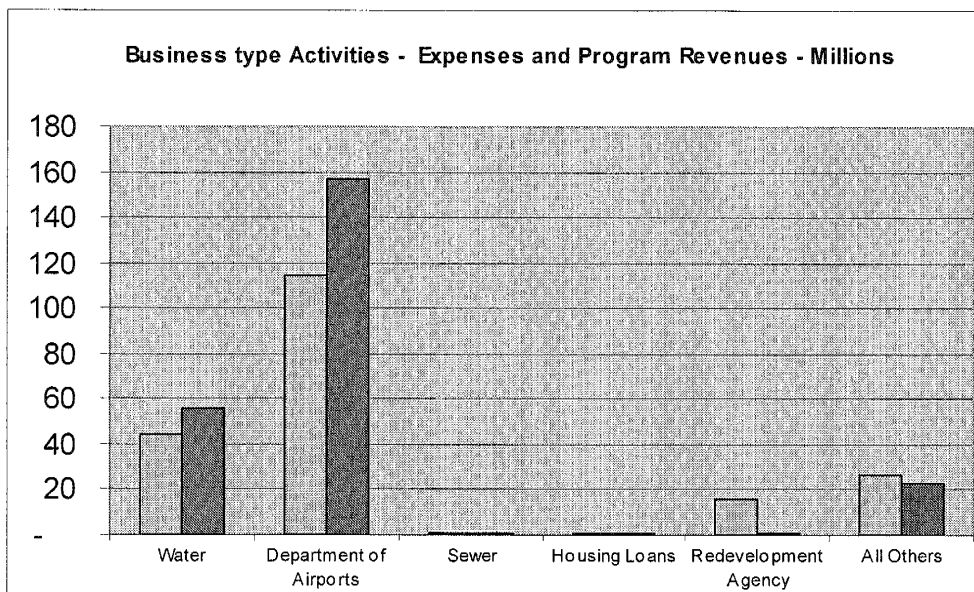
Salt Lake City's governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources and the unreserved portion of this total fund balance is a measure of the available spendable resources at June 30, 2006.



For the period ended June 30, 2006, the City's governmental funds reported a combined fund balance amount of \$84,776,897 with decrease of \$12,787,631 compared to the prior fiscal year. There is an additional decrease of \$20,584,904 from the prior year fund balance as the result of reclassifying the Housing Loans Fund from a governmental fund to a proprietary fund. Of the total balance at year-end, \$47,625,740 is unreserved and undesignated. There is also an amount of \$27,140,166 designated for capital projects which is not considered restricted. The remaining \$10,010,991 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006



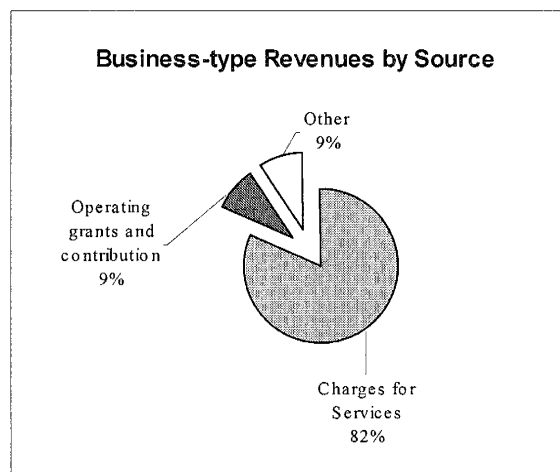
The General Fund is the main operating fund for Salt Lake City Corporation. At June 30, 2006, the General Fund's unreserved fund balance was \$28,761,202 while total fund balance equaled \$31,579,453. A useful measure of liquidity is to compare the unreserved fund balance and the

total fund balance to expenditures (including operating transfers out) for the year. Unreserved fund balance was 16 percent of total expenditures and transfers while total fund balance equaled 18 percent.

The fund balance of the General Fund for Salt Lake City increased by \$2,421,391. Although the initial expectation was that fund balance for the 2006 fiscal year would decrease by approximately \$2,800,000 due to conservative expectations of a rebounding economy, actual revenues exceeded budgeted revenue.

The Capital Projects Fund has a total fund balance of \$28,697,326 at June 30, 2006, all of which is either reserved for restricted assets or designated for unfinished projects. The net decrease in fund balance for the year amounted to \$5,066,664. Bonds were sold in fiscal year 2004 for the construction of Tracey Aviary and Hogle Zoo resulting in an prior year increase to fund balance. In the current year these funds were expended resulting in a decrease in fund balance.

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 \$158,685,046 for the Department of Airports, \$21,799,362 for the Water Fund, \$25,694,063 for the Sewer Fund, \$22,032,920 for the Housing Loan Fund and \$51,495,209 for the Redevelopment Agency Fund. Discussions about the finances of these three funds are addressed in the City's business-type activities.



SALT LAKE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

General Fund Budgetary Highlights

Differences between the original and final amended budgets amounted to a total increase in appropriations of \$11,513,540. By department, the changes are:

- \$468,283 increase for City Council
- \$36,977 increase for Mayor
- \$16,829 increase for City Attorney
- \$263,050 increase for Management Services
- \$484,219 increase for Fire
- \$525,593 increase for Police
- \$443,208 increase for Community and Economic Development
- \$1,824,481 increase for Public Services
- \$7,450,900 increase for Nondepartmental (including transfers out)

The increases in budget were all funded by Fund Balance. The largest were transfers to the CIP fund of \$4,000,000 for Grant Tower Railroad Realignment and \$1,470,000 for Interoperable Communications. Approximately \$400,000 was for increased fuel costs. Of the amount funded by Fund Balance \$2,526,885 was for encumbrances carryovers.

Capital Asset and Debt Administration

Salt Lake City's investment in capital assets for its governmental and business type activities combined totaled \$1,706,026,597 (net of \$846,723,186 accumulated depreciation) at June 30, 2006. 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 91 percent of total net assets. In comparing capital assets to net assets, the percentages for Governmental activities and Business type activities were 115 percent and 83 percent, respectively.

Major capital asset activities that occurred during the past fiscal year include: (1) the Department of Airports placed into service approximately \$62,000,000 of constructed assets related to its development master plan; (2) Water main replacement is a continuing program with the Water Utility Fund as many of the existing main lines near the end of their useful lives; (3) The Water utility is also continuing a five year meter replacement program and major modifications to the City Creek Treatment Plant. (4) The Sewer Utility is in the fourth year of a six-year capital improvement program with a major investment at the Water Reclamation Plant;

| Salt Lake City Corporation's Capital Assets | | | | | | |
|---|----------------------------|-----------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Land and water rights | \$ 169,070,674 | \$ 165,329,841 | \$ 85,651,279 | \$ 85,355,450 | \$ 254,721,953 | \$ 250,685,291 |
| Infrastructure | 230,046,330 | 219,948,512 | - | - | 230,046,330 | 219,948,512 |
| Buildings | 197,654,596 | 211,679,858 | 411,339,788 | 401,877,800 | 608,994,384 | 613,557,658 |
| Improvements other than buildings | 26,456,777 | 37,900,135 | 1,023,149,440 | 960,343,694 | 1,049,606,217 | 998,243,829 |
| Machinery and equipment | 77,087,913 | 73,910,695 | 139,626,980 | 133,034,826 | 216,714,893 | 206,945,521 |
| Construction in progress | 16,343,572 | 14,254,627 | 176,322,434 | 139,596,273 | 192,666,006 | 153,850,900 |
| Accumulated Depreciation | (179,064,918) | (190,151,391) | (667,658,268) | (619,238,925) | (846,723,186) | (809,390,316) |
| Net book value | <u>\$ 537,594,944</u> | <u>\$ 532,872,277</u> | <u>\$ 1,168,431,653</u> | <u>\$ 1,100,969,118</u> | <u>\$ 1,706,026,597</u> | <u>\$ 1,633,841,395</u> |

SALT LAKE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

At June 30, 2006, Salt Lake City's bonded debt amounted to \$287,669,883. The portion that is backed by the full faith and credit of the City amounted to \$85,661,254, and the portion for which the City is liable in case of default by assessed property owners amounted to \$1,565,000. All other bonded debt is known as revenue bonds and is secured by specific revenue sources.

In February 2006 the City issued \$472,000 in Special Assessment Debt. The proceeds were used in lighting construction for the Rose Parking Lighting Construction District.

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 2006 calculates to approximately \$1.4 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.

| Salt Lake City Corporation's Outstanding Debt General Obligation and Revenue Bonds | | | | | | |
|---|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| General obligation bonds | \$ 85,661,254 | \$ 91,755,109 | \$ - | \$ - | \$ 85,661,254 | \$ 91,755,109 |
| Special assessment debt with governmental commitment | 1,565,000 | 1,404,000 | - | - | 1,565,000 | 1,404,000 |
| Revenue bonds | 61,877,042 | 65,499,580 | 138,566,587 | 149,842,887 | 200,443,629 | 215,342,467 |
| Total | <u>\$ 149,103,296</u> | <u>\$ 158,658,689</u> | <u>\$ 138,566,587</u> | <u>\$ 149,842,887</u> | <u>\$ 287,669,883</u> | <u>\$ 308,501,576</u> |

Economic factors and next year's budgets and rates

The unemployment rate for the most recent fiscal year available (2005 annual rate) is 4.4 percent, down from 5.4 percent for the previous year. Total employment with the City has increased slightly and taxable sales and permits have increased by 10 percent and 19 percent, respectively. Revenue appears to be increasing and the economic factors indicate improvement in the economy. These static economic factors were considered in preparing and amending the fiscal year 2006 budget.

During the just completed fiscal year, fund balance in the General Fund increased by \$2,421,391. The increase was \$14,000,000 more than originally budgeted. To date for FY 2007, the City has appropriated approximately \$7,000,000 of unreserved fund balance. This includes approximately \$3,000,000 of encumbrances from fiscal year 2006. Currently, Salt Lake City is experiencing positive economic changes.

The rates and fees for most services remained constant for FY 2006 compared with the fiscal year just ended.

Requests for information

This financial report is designed to give its readers a general overview of the city 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, Salt Lake City, Utah 84111.

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Basic Financial Statements

SALT LAKE CITY CORPORATION
STATEMENT OF NET ASSETS
June 30, 2006

| | Primary Government | | | Component |
|--|-----------------------|-------------------------|-------------------------|----------------------|
| | Governmental | Business-type | | Unit |
| | Activities | Activities | Total | Library |
| <u>ASSETS</u> | | | | |
| Current assets: | | | | |
| Cash and cash equivalents (Note 2) | | | | |
| Unrestricted | \$ 91,726,937 | \$ 268,262,492 | \$ 359,989,429 | \$ 585,233 |
| Restricted (Note 2 & 4) | 3,391,095 | 11,342,936 | 14,734,031 | - |
| Investments (Note 2) | - | 955,068 | 955,068 | 5,559,279 |
| Receivables: | | | | |
| Property, franchise and excise taxes | 76,883,419 | - | 76,883,419 | 12,003,873 |
| Assessments, including \$275,361 of delinquent assessments | 1,511,457 | - | 1,511,457 | - |
| Loans and other receivables, less allowance for doubtful accounts of \$4,040,726 (Note 3) | 6,797,813 | 5,821,747 | 12,619,560 | 66,335 |
| Accounts, less allowance for doubtful accounts of \$112,040 | - | 28,803,257 | 28,803,257 | - |
| Due from other governments | 2,850,086 | 1,567,176 | 4,417,262 | - |
| Other, principally accrued interest | 1,092,624 | - | 1,092,624 | - |
| Prepaid expenses | 46,835 | 67,939 | 114,774 | 7,500 |
| Inventories | 515,374 | 3,259,768 | 3,775,142 | - |
| Internal balances | 112,939 | (112,939) | - | - |
| | <u>184,928,579</u> | <u>319,967,444</u> | <u>504,896,023</u> | <u>18,222,220</u> |
| Total current assets | | | | |
| | <u>184,928,579</u> | <u>319,967,444</u> | <u>504,896,023</u> | <u>18,222,220</u> |
| Noncurrent assets: | | | | |
| Restricted cash and cash equivalents (Note 2) | - | 25,010,826 | 25,010,826 | - |
| | <u>-</u> | <u>25,010,826</u> | <u>25,010,826</u> | <u>-</u> |
| Property and equipment, at cost: | | | | |
| Land and water rights (Note 5) | 169,070,674 | 85,651,279 | 254,721,953 | 590,554 |
| Infrastructure (Note 5) | 230,046,330 | - | 230,046,330 | - |
| Buildings (Note 5) | 197,654,596 | 411,339,788 | 608,994,384 | 8,266,214 |
| Improvements other than buildings (Note 5) | 26,456,777 | 1,023,149,440 | 1,049,606,217 | 317,116 |
| Machinery and equipment (Note 5) | 77,087,913 | 139,626,980 | 216,714,893 | 19,437,350 |
| Construction in progress (Note 5) | 16,343,572 | 172,483,348 | 188,826,920 | - |
| Work in Progress (Note 5) | - | 3,839,086 | 3,839,086 | - |
| Accumulated depreciation (Note 5) | (179,064,918) | (667,658,268) | (846,723,186) | (13,825,475) |
| | <u>(179,064,918)</u> | <u>(667,658,268)</u> | <u>(846,723,186)</u> | <u>(13,825,475)</u> |
| Net property and equipment | 537,594,944 | 1,168,431,653 | 1,706,026,597 | 14,785,759 |
| | <u>537,594,944</u> | <u>1,168,431,653</u> | <u>1,706,026,597</u> | <u>14,785,759</u> |
| Bond issue costs, less accumulated amortization of \$1,424,800 | | | | |
| | 990,541 | 2,036,587 | 3,027,128 | - |
| Loans and other long-term receivables | - | 59,249,315 | 59,249,315 | - |
| Land and buildings held for resale | - | 15,925,347 | 15,925,347 | - |
| Investment in joint venture (Note 19) | - | 21,612,053 | 21,612,053 | - |
| Deferred charges | - | 18,552,376 | 18,552,376 | - |
| Other | - | 3,423,866 | 3,423,866 | - |
| | <u>-</u> | <u>3,423,866</u> | <u>3,423,866</u> | <u>-</u> |
| Total noncurrent assets | 538,585,485 | 1,314,242,023 | 1,852,827,508 | 14,785,759 |
| | <u>538,585,485</u> | <u>1,314,242,023</u> | <u>1,852,827,508</u> | <u>14,785,759</u> |
| Total assets | \$ 723,514,064 | \$ 1,634,209,467 | \$ 2,357,723,531 | \$ 33,007,979 |
| | <u>\$ 723,514,064</u> | <u>\$ 1,634,209,467</u> | <u>\$ 2,357,723,531</u> | <u>\$ 33,007,979</u> |

The accompanying notes are an integral part of this statement

SALT LAKE CITY CORPORATION
STATEMENT OF NET ASSETS
June 30, 2006

| | Primary Government | | | Component |
|---|--------------------|------------------|------------------|---------------|
| | Governmental | Business-type | Total | Unit |
| | Activities | Activities | | Library |
| <u>LIABILITIES</u> | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 5,710,170 | \$ 19,529,416 | \$ 25,239,586 | \$ 670,328 |
| Accrued liabilities | 13,612,799 | 10,806,691 | 24,419,490 | - |
| Current portion of long-term compensation liability | 1,869,362 | 1,070,277 | 2,939,639 | - |
| Current portion of long-term debt: | | | | |
| Payable from unrestricted assets (Note 6) | 12,528,870 | 3,793,690 | 16,322,560 | 52,217 |
| Payable from restricted assets (Note 6) | - | 8,753,454 | 8,753,454 | - |
| Special assessment debt with governmental commitment (Note 6) | 311,000 | - | 311,000 | - |
| Deferred revenue | 62,554,507 | - | 62,554,507 | 13,821,574 |
| Unearned revenue | - | 21,468 | 21,468 | - |
| Accrued interest, payable from restricted assets | - | 1,419,363 | 1,419,363 | - |
| Other liabilities payable from restricted assets | 338,774 | - | 338,774 | - |
| Current deposits and advance rentals | 1,381,783 | 7,663,586 | 9,045,369 | - |
| Total current liabilities | 98,307,265 | 53,057,945 | 151,365,210 | 14,544,119 |
| Noncurrent liabilities: | | | | |
| Deposits, advance rentals and long term accruals | - | 30,487,217 | 30,487,217 | - |
| Long-term compensation liability | 14,156,047 | 6,687,950 | 20,843,997 | - |
| Bonds payable | 139,122,296 | - | 139,122,296 | 244,976 |
| Notes payable | 2,931,865 | 140,913,068 | 143,844,933 | - |
| Notes payable from restricted assets | 1,043,569 | - | 1,043,569 | - |
| Total noncurrent liabilities | 157,253,777 | 178,088,235 | 335,342,012 | 244,976 |
| Total liabilities | 255,561,042 | 231,146,180 | 486,707,222 | 14,789,095 |
| <u>NET ASSETS</u> | | | | |
| Invested in capital assets, net of related debt | 382,647,885 | 1,049,031,883 | 1,431,679,768 | 14,785,759 |
| Restricted for: | | | | |
| Capital projects | 7,201,928 | - | 7,201,928 | - |
| Debt service | 528,366 | 39,294,782 | 39,823,148 | - |
| Unrestricted | 77,574,843 | 314,736,622 | 392,311,465 | 3,433,125 |
| Total net assets | 467,953,022 | 1,403,063,287 | 1,871,016,309 | 18,218,884 |
| Total liabilities and net assets | \$ 723,514,064 | \$ 1,634,209,467 | \$ 2,357,723,531 | \$ 33,007,979 |

The accompanying notes are an integral part of this statement

SALT LAKE CITY CORPORATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2006

| Functions/Programs | Expenses | Program Revenues | | |
|---|-----------------------|-----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General Government | \$ 13,425,991 | \$ 9,410,392 | \$ 413,991 | \$ 4,768,564 |
| City Council | 1,604,953 | - | - | - |
| Mayor | 1,694,100 | 214,514 | - | - |
| City Attorney | 4,317,765 | 1,092,171 | - | - |
| Management Services | 10,647,297 | 9,270,747 | - | 36,725 |
| Fire | 30,687,791 | 5,170,902 | 107,600 | - |
| Police | 51,487,268 | 4,906,322 | 4,152,932 | - |
| Community and Economic Development | 28,093,445 | 13,530,897 | 6,061,756 | - |
| Public Services | 47,109,937 | 6,073,458 | 7,061,756 | - |
| Unallocated infrastructure depreciation | 5,116,245 | - | - | - |
| Interest on long-term debt | 7,853,924 | - | - | - |
| Total governmental activities | <u>202,038,716</u> | <u>49,669,403</u> | <u>17,798,035</u> | <u>4,805,289</u> |
| Business-type activities: | | | | |
| Water | 44,384,195 | 52,081,860 | 3,502,226 | - |
| Airport Authority | 113,981,232 | 136,863,294 | 19,836,783 | - |
| Sewer | 12,645,891 | 16,847,287 | 3,698,881 | - |
| Housing Loans | 1,002,673 | 1,284,169 | - | - |
| Redevelopment Agency | 15,942,175 | 23,054,885 | - | - |
| Intermodal Hub | 2,116,349 | 1,877,628 | - | - |
| Storm Water Utility | 4,441,798 | 5,439,138 | 1,978,997 | - |
| Refuse Collection | 11,373,673 | 7,240,841 | - | - |
| Golf | 8,500,809 | 7,793,696 | - | - |
| Total business-type activities | <u>214,388,795</u> | <u>252,482,798</u> | <u>29,016,887</u> | <u>-</u> |
| Total primary government | <u>\$ 416,427,511</u> | <u>\$ 302,152,201</u> | <u>\$ 46,814,922</u> | <u>\$ 4,805,289</u> |
| Component unit | | | | |
| Library | <u>\$ 13,424,462</u> | <u>\$ 543,139</u> | <u>\$ 203,395</u> | <u>\$ 204,458</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, 2005

Prior period adjustment (See note 19)

Net Assets as restated July 1, 2005

Net Assets June 30, 2006

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 Units |
| \$ 1,166,956 | \$ - | \$ 1,166,956 | \$ - |
| (1,604,953) | - | (1,604,953) | - |
| (1,479,586) | - | (1,479,586) | - |
| (3,225,594) | - | (3,225,594) | - |
| (1,339,825) | - | (1,339,825) | - |
| (25,409,289) | - | (25,409,289) | - |
| (42,428,014) | - | (42,428,014) | - |
| (8,500,792) | - | (8,500,792) | - |
| (33,974,723) | - | (33,974,723) | - |
| (5,116,245) | - | (5,116,245) | - |
| (7,853,924) | - | (7,853,924) | - |
| (129,765,989) | - | (129,765,989) | - |
| - | 11,199,891 | 11,199,891 | - |
| - | 42,718,845 | 42,718,845 | - |
| - | 7,900,277 | 7,900,277 | - |
| - | 281,496 | 281,496 | - |
| - | 7,112,710 | 7,112,710 | - |
| - | (238,721) | (238,721) | - |
| - | 2,976,337 | 2,976,337 | - |
| - | (4,132,832) | (4,132,832) | - |
| - | (707,113) | (707,113) | - |
| - | 67,110,890 | 67,110,890 | - |
| (129,765,989) | 67,110,890 | (62,655,099) | - |
| | | | (12,473,470) |
| 64,341,469 | - | 64,341,469 | 11,901,954 |
| 23,929,112 | - | 23,929,112 | - |
| 48,933,172 | - | 48,933,172 | - |
| 5,360,082 | 12,003,182 | 17,363,264 | 247,021 |
| (16,313,366) | 16,313,366 | - | - |
| 126,250,469 | 28,316,548 | 154,567,017 | 12,148,975 |
| (3,515,520) | 95,427,438 | 91,911,918 | (324,495) |
| 492,053,446 | 1,287,050,945 | 1,779,104,391 | 18,543,379 |
| (20,584,904) | 20,584,904 | - | - |
| 471,468,542 | 1,307,635,849 | 1,779,104,391 | 18,543,379 |
| \$ 467,953,022 | \$ 1,403,063,287 | \$ 1,871,016,309 | \$ 18,218,884 |

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, 2006

| | <u>General</u> |
|---|-----------------------|
| <u>ASSETS</u> | |
| Assets: | |
| Cash and cash equivalents (Note 2) | \$ 29,016,359 |
| Receivables: | |
| Property, franchise and excise taxes | 76,586,009 |
| Assessments, including \$277,275 of delinquent assessments | - |
| Taxes receivable | - |
| Loans and other receivables, less allowance for doubtful loans of \$3,543,287 (Note 3) | - |
| Due from other governments | - |
| Other, principally accrued interest | 519,164 |
| Restricted assets: | |
| Cash and cash equivalents (Notes 2 & 4) | <u>-</u> |
| Total assets | <u>\$ 106,121,532</u> |

The accompanying notes are an integral part of this statement

| Capital Projects | Other Governmental Funds | Total Governmental Funds |
|----------------------|--------------------------------|--------------------------------|
| \$ 29,055,892 | \$ 17,654,301 | \$ 75,726,552 |
| - | - | 76,586,009 |
| - | 1,511,457 | 1,511,457 |
| - | 297,410 | 297,410 |
| 76,774 | 5,055,630 | 5,132,404 |
| 443,491 | 1,941,252 | 2,384,743 |
| - | 573,460 | 1,092,624 |
| 1,480,386 | 867,140 | 2,347,526 |
| <u>\$ 31,056,543</u> | <u>\$ 27,900,650</u> | <u>\$ 165,078,725</u> |

(continued)

The accompanying notes are an integral part of this statement

SALT LAKE CITY CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS (continued)
June 30, 2006

| | <u>General</u> |
|--|----------------------------------|
| <u>LIABILITIES AND FUND BALANCES</u> | |
| Liabilities: | |
| Accounts payable | \$ 1,533,685 |
| Accrued liabilities | 7,643,370 |
| Current deposits and advance rentals | 1,381,783 |
| Other liabilities payable from restricted assets | - |
| Deferred revenue | 63,983,151 |
| Total liabilities | <u>74,541,989</u> |
| Fund balances: | |
| Reserved for encumbrances | 2,818,341 |
| Reserved for loans receivable and advances | - |
| Reserved for restricted assets | - |
| Unreserved - designated for capital improvements | - |
| Unreserved and undesignated | 28,761,202 |
| Unreserved, reported in nonmajor | |
| Special Revenue Funds | - |
| Debt Service Funds | - |
| Total fund balances | <u>31,579,543</u> |
| Total liabilities and fund balances | <u><u>\$ 106,121,532</u></u> |

The accompanying notes are an integral part of this statement

| Capital Projects | Other Governmental Funds | Total Governmental Funds |
|----------------------|--------------------------------|--------------------------------|
| \$ 2,359,217 | \$ 802,419 | \$ 4,695,321 |
| - | 165,919 | 7,809,289 |
| - | - | 1,381,783 |
| - | 338,774 | 338,774 |
| - | 2,093,510 | 66,076,661 |
| <u>2,359,217</u> | <u>3,400,622</u> | <u>80,301,828</u> |
| - | - | 2,818,341 |
| 76,774 | 5,107,124 | 5,183,898 |
| 1,480,386 | 528,366 | 2,008,752 |
| 27,140,166 | - | 27,140,166 |
| - | - | 28,761,202 |
| - | 17,852,003 | 17,852,003 |
| - | 1,012,535 | 1,012,535 |
| <u>28,697,326</u> | <u>24,500,028</u> | <u>84,776,897</u> |
| <u>\$ 31,056,543</u> | <u>\$ 27,900,650</u> | <u>\$ 165,078,725</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
Year ended June 30, 2006

Total fund balances for governmental funds \$ 84,776,897

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 | 169,070,674 | |
| Infrastructure | 230,046,330 | |
| Buildings | 197,654,596 | |
| Improvements other than buildings | 26,456,777 | |
| Equipment | 77,087,913 | |
| Construction in progress | 16,343,572 | |
| Less accumulated depreciation | <u>(179,064,918)</u> | |
| Total capital assets | | 537,594,944 |

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

| | | |
|-------------------|---------|-----------|
| Other receivables | 465,343 | |
| Bond issue costs | 990,541 | 1,455,884 |

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.

18,110,911

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.

112,939

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

3,667,966

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 compensation 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 | (7,552,953) | |
| Obligation for compensation liabilities due after one year | (14,156,047) | |
| Current portion of long-term debt | (12,839,870) | |
| Current portion of obligation for compensation liabilities | (119,919) | |
| Bonds payable | (139,122,296) | |
| Note payable | <u>(3,975,434)</u> | |
| Total liabilities | | <u>(177,766,519)</u> |

Total net assets of governmental activities

\$ 467,953,022

SALT LAKE CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year ended June 30, 2006

| | General | Capital Projects | Other Governmental Funds | Totals |
|--|---------------|---------------------|--------------------------------|---------------|
| Revenues: | | | | |
| General property taxes | \$ 63,305,389 | \$ - | \$ - | \$ 63,305,389 |
| Sales, use, and excise taxes | 47,112,848 | - | 1,820,324 | 48,933,172 |
| Franchise taxes | 23,929,112 | - | - | 23,929,112 |
| Licenses | 5,778,560 | - | - | 5,778,560 |
| Permits | 7,293,312 | 2,646,306 | - | 9,939,618 |
| Fines and forfeitures | 6,256,430 | - | 11,969 | 6,268,399 |
| Assessments | - | 288,162 | 1,308,995 | 1,597,157 |
| Interest | 3,468,103 | 484,252 | 881,989 | 4,834,344 |
| Intergovernmental | 4,146,447 | 6,060,372 | 10,968,105 | 21,174,924 |
| Interfund service charges | 8,863,782 | - | - | 8,863,782 |
| Parking meter | 1,453,619 | - | - | 1,453,619 |
| Parking ticket | 3,135,240 | - | - | 3,135,240 |
| Charges for services | 3,471,720 | - | 102,163 | 3,573,883 |
| Contributions | 19,134 | - | 3,062,544 | 3,081,678 |
| Miscellaneous | 599,938 | 47,519 | 2,678,878 | 3,326,335 |
| Total revenues | 178,833,634 | 9,526,611 | 20,834,967 | 209,195,212 |
| Expenditures: | | | | |
| Current: | | | | |
| City Council | 1,519,339 | - | - | 1,519,339 |
| Mayor | 1,557,688 | - | - | 1,557,688 |
| City Attorney | 3,285,362 | - | - | 3,285,362 |
| Management Services | 9,571,631 | - | 17,497 | 9,589,128 |
| Fire | 29,154,366 | - | - | 29,154,366 |
| Police | 47,154,868 | - | 557,385 | 47,712,253 |
| Community and Economic Development | 7,985,677 | - | 10,187,834 | 18,173,511 |
| Public Services | 34,912,298 | - | 1,871,594 | 36,783,892 |
| Arts Council | - | - | 1,225,725 | 1,225,725 |
| Nondepartmental | 12,725,490 | - | - | 12,725,490 |
| Capital improvements | - | 33,274,952 | - | 33,274,952 |
| Debt service: | | | | |
| Principal | - | 9,908 | 9,981,000 | 9,990,908 |
| Interest and other fiscal charges | - | - | 7,187,940 | 7,187,940 |
| Total expenditures | 147,866,719 | 33,284,860 | 31,028,975 | 212,180,554 |
| Revenues over (under) expenditures | 30,966,915 | (23,758,249) | (10,194,008) | (2,985,342) |
| Other financing sources (uses): | | | | |
| Issuance of debt | - | 472,000 | - | 472,000 |
| Proceeds from sale of property | 423,507 | 155,166 | - | 578,673 |
| Transfers in | 2,056,962 | 32,834,367 | 16,269,162 | 51,160,491 |
| Transfers out | (31,025,993) | (14,769,948) | (16,217,512) | (62,013,453) |
| Total other financing sources (uses): | (28,545,524) | 18,691,585 | 51,650 | (9,802,289) |
| Net Change in Fund Balances | 2,421,391 | (5,066,664) | (10,142,358) | (12,787,631) |
| Net Assets July 1, 2005 as previously reported | 29,158,152 | 33,763,990 | 34,642,386 | 118,149,432 |
| Prior period adjustment (See note 19) | - | - | - | (20,584,904) |
| Net Assets July 1, 2005 as restated | 29,158,152 | 33,763,990 | 34,642,386 | 97,564,528 |
| Fund balance June 30, 2006 | \$ 31,579,543 | \$ 28,697,326 | \$ 24,500,028 | \$ 84,776,897 |

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, 2006

Net change in fund balances - total governmental funds \$ (12,787,631)

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 (\$98,851,386) less Work in Process reclassifications included in additions (16,470,845) exceeded depreciation expense (\$11,859,102). (See Note 5.) 70,521,439

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. (See Note 6.) 9,981,000

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.) (472,000)

Governmental funds do not report infrastructure. Contributions of Infrastructure are reported as contributions in kind in Statement of Activities 3,368,921

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 | 1,168,016 | |
| Compensated absences | 375,098 | |
| Capitalization of bond issue costs | 16,653 | |
| Amortization of bond issue costs | (196,062) | |
| Deferred loss and amortization of bond premium and deferred loss | 46,393 | |
| Accrued interest | (481,047) | |
| Gain (loss) on sale of capital assets | (217,518) | 711,533 |

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 \$75,113,854 plus amount allocated to business-type activities \$275,071. (74,838,782)

Change in net assets of governmental activities. \$ (3,515,520)

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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.

Airport Authority Fund - 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 Governmental Fund Types, 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, 2006

| ASSETS | Business-type Activities- Enterprise Funds | | |
|--|---|------------------------------|------------------|
| | Water Utility | Department of Airports | Sewer Utility |
| Current assets: | | | |
| Cash and cash equivalents (Note 2) | | | |
| Unrestricted | \$ 16,369,450 | \$ 147,632,606 | \$ 23,002,759 |
| Restricted | - | - | - |
| Investments (Note 2) | - | - | - |
| Receivables: | | | |
| Accounts, less allowance for doubtful accounts of \$229,827 | 8,320,962 | 16,733,175 | 2,217,139 |
| Current portion of loans receivable | - | - | - |
| Other | 230,524 | 1,326,209 | 10,443 |
| Prepaid expenses | - | - | 67,939 |
| Inventory of supplies | 2,195,947 | - | 619,084 |
| Total current assets | 27,116,883 | 165,691,990 | 25,917,364 |
| Noncurrent assets: | | | |
| Restricted cash and cash equivalents (Notes 2 & 4) | 9,107,069 | 7,227,729 | 4,737,872 |
| Property and equipment, at cost: | | | |
| Land and water rights (Note 5) | 16,503,224 | 42,331,128 | 4,187,449 |
| Buildings (Note 5) | 31,442,812 | 325,062,687 | 45,547,371 |
| Improvements other than buildings (Note 5) | 210,381,919 | 609,615,301 | 70,304,740 |
| Machinery and equipment (Note 5) | 19,808,611 | 74,770,763 | 27,583,837 |
| Construction in progress (Note 5) | 16,300,925 | 77,074,071 | 38,996,548 |
| Work in Progress (Note 5) | - | - | - |
| Accumulated depreciation (Note 5) | (76,117,025) | (473,607,665) | (56,717,663) |
| Net property and equipment | 218,320,466 | 655,246,285 | 129,902,282 |
| Bond issue costs, less accumulated amortization of \$1,420,225 | 259,185 | 1,156,495 | 254,727 |
| Loans and other long-term receivables | - | - | - |
| Land and buildings held for resale | - | - | - |
| Investment in joint venture (Note 18) | - | - | - |
| Deferred Charges | - | 18,552,376 | - |
| Other | 1,813,686 | 203,354 | 1,406,826 |
| Total noncurrent assets | 229,500,406 | 682,386,239 | 136,301,707 |
| Total assets | \$ 256,617,289 | \$ 848,078,229 | \$ 162,219,071 |

The notes 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 | |
| \$ 9,285,664 | \$ 57,332,203 | \$ 14,639,810 | \$ 268,262,492 | \$ 16,000,385 |
| - | 11,342,936 | - | 11,342,936 | - |
| - | 955,068 | - | 955,068 | - |
| - | - | 1,531,981 | 28,803,257 | 1,665,409 |
| 1,893,411 | 3,928,336 | - | 5,821,747 | - |
| - | - | - | 1,567,176 | - |
| - | - | - | 67,939 | 46,835 |
| - | - | 444,737 | 3,259,768 | 515,374 |
| <u>11,179,075</u> | <u>73,558,543</u> | <u>16,616,528</u> | <u>320,080,383</u> | <u>18,228,003</u> |
| 110,485 | - | 3,827,671 | 25,010,826 | 1,043,569 |
| - | 16,436,520 | 6,192,958 | 85,651,279 | 62,741 |
| - | - | 9,286,918 | 411,339,788 | 193,097 |
| - | 40,845,458 | 92,002,022 | 1,023,149,440 | - |
| - | 94,589 | 17,369,180 | 139,626,980 | 49,853,382 |
| - | - | 40,111,804 | 172,483,348 | - |
| - | 3,839,086 | - | 3,839,086 | 9,808 |
| - | (20,836,872) | (40,379,043) | (667,658,268) | (31,620,986) |
| - | 40,378,781 | 124,583,839 | 1,168,431,653 | 18,498,042 |
| - | 285,740 | 80,440 | 2,036,587 | - |
| 33,946,219 | 25,303,096 | - | 59,249,315 | - |
| 1,135,957 | 14,789,390 | - | 15,925,347 | - |
| - | - | 21,612,053 | 21,612,053 | - |
| - | - | - | 18,552,376 | - |
| - | - | - | 3,423,866 | - |
| <u>35,192,661</u> | <u>80,757,007</u> | <u>150,104,003</u> | <u>1,314,242,023</u> | <u>19,541,611</u> |
| <u>\$ 46,371,736</u> | <u>\$ 154,315,550</u> | <u>\$ 166,720,531</u> | <u>\$ 1,634,322,406</u> | <u>\$ 37,769,614</u> |

-(continued)-

SALT LAKE CITY CORPORATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

| | Business-type Activities- Enterprise Funds | | |
|--|---|------------------------------|------------------|
| | Water Utility | Department of Airports | Sewer Utility |
| <u>LIABILITIES</u> | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 3,517,468 | \$ 8,880,093 | \$ 2,310,791 |
| Accrued liabilities | 567,552 | 9,707,114 | 207,270 |
| Current portion of long-term compensation liability (Note 6) | 298,997 | 493,902 | 58,790 |
| Current portion of long-term debt: | | | |
| Payable from unrestricted assets (Note 6) | 997,498 | 697,348 | 461,067 |
| Payable from restricted assets (Note 6) | 712,502 | 1,952,652 | 329,333 |
| Deferred revenue | - | - | - |
| Accrued interest, payable from restricted assets | 474,666 | 40,389 | 444,960 |
| Current deposits and advance rentals | 500,348 | 6,848,917 | - |
| Total current liabilities | 7,069,031 | 28,620,415 | 3,812,211 |
| Noncurrent liabilities: | | | |
| Deposits, advance rentals and long-term accruals | 103,151 | 102,975 | 60,195 |
| Other liabilities payable from restricted assets | - | - | - |
| Bonds, mortgages, and notes payable | 21,667,192 | 46,462,009 | 22,880,141 |
| Long-term compensation liability | 2,169,373 | 3,409,408 | 412,485 |
| Total noncurrent liabilities | 23,939,716 | 49,974,392 | 23,352,821 |
| Total liabilities | 31,008,747 | 78,594,807 | 27,165,032 |
| <u>NET ASSETS</u> | | | |
| Invested in capital assets, net of related debt | 195,202,459 | 606,134,276 | 107,975,476 |
| Restricted for debt service | 8,606,721 | 4,664,100 | 1,384,500 |
| Unrestricted | 21,799,362 | 158,685,046 | 25,694,063 |
| Total net assets | 225,608,542 | 769,483,422 | 135,054,039 |
| Total liabilities and net assets | \$ 256,617,289 | \$ 848,078,229 | \$ 162,219,071 |

The notes 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 | |
| \$ 80,452 | \$ 2,372,927 | \$ 2,367,685 | \$ 19,529,416 | \$ 1,014,850 |
| - | 19,917 | 304,838 | 10,806,691 | 6,721,727 |
| - | 8,442 | 210,146 | 1,070,277 | 119,919 |
| 527,004 | - | 1,110,773 | 3,793,690 | 2,858,870 |
| 110,485 | 5,544,482 | 104,000 | 8,753,454 | - |
| - | - | 21,468 | 21,468 | 145,811 |
| - | 318,834 | 140,514 | 1,419,363 | - |
| - | 62,358 | 251,963 | 7,663,586 | - |
| 717,941 | 8,326,960 | 4,511,387 | 53,057,945 | 10,861,177 |
| - | 30,203,374 | 17,522 | 30,487,217 | - |
| - | - | - | - | 1,043,569 |
| 11,755,195 | 29,387,455 | 8,761,076 | 140,913,068 | 2,931,865 |
| - | 80,650 | 616,034 | 6,687,950 | 1,063,450 |
| 11,755,195 | 59,671,479 | 9,394,632 | 178,088,235 | 5,038,884 |
| 12,473,136 | 67,998,439 | 13,906,019 | 231,146,180 | 15,900,061 |
| - | 25,031,242 | 114,688,430 | 1,049,031,883 | 11,663,738 |
| 11,865,680 | 9,790,660 | 2,983,121 | 39,294,782 | - |
| 22,032,920 | 51,495,209 | 35,142,961 | 314,849,561 | 10,205,815 |
| 33,898,600 | 86,317,111 | 152,814,512 | 1,403,176,226 | 21,869,553 |
| <u>\$ 46,371,736</u> | <u>\$ 154,315,550</u> | <u>\$ 166,720,531</u> | <u>\$ 1,634,322,406</u> | <u>\$ 37,769,614</u> |

The notes 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
Year ended June 30, 2006

| | |
|---|--------------------------------|
| Total assets for Proprietary Funds | \$ 1,634,322,406 |
| Internal service fund allocation for proprietary funds - prior year | 162,132 |
| Internal service fund allocation for proprietary funds - current year | <u>(275,071)</u> |
| Total assets for Primary government business-type activities | <u><u>\$ 1,634,209,467</u></u> |
| | |
| Total net assets for Proprietary Funds | \$ 1,403,176,226 |
| Internal service fund allocation for proprietary funds - prior year | 162,132 |
| Internal service fund allocation for proprietary funds - current year | <u>(275,071)</u> |
| Total net assets for Primary government business-type activities | <u><u>\$ 1,403,063,287</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, 2006

| | Business-type Activities Enterprise Funds | | |
|--|--|------------------------------|------------------|
| | Water Utility | Department of Airports | Sewer Utility |
| Operating revenue: | | | |
| Sales and charges for services | \$ 50,199,080 | \$ 95,032,741 | \$ 16,654,164 |
| Rental and other | 1,666,760 | 1,750,358 | 221,525 |
| Total operating revenue | 51,865,840 | 96,783,099 | 16,875,689 |
| Operating expenses: | | | |
| Personal services | 14,056,277 | 31,855,658 | 5,763,863 |
| Operating and maintenance | 2,660,385 | 7,427,536 | 1,074,657 |
| Charges and services | 21,410,068 | 24,413,460 | 2,267,344 |
| Depreciation and amortization | 5,607,564 | 40,812,398 | 3,632,759 |
| Participating airline rebate | - | 4,981,216 | - |
| Total operating expenses | 43,734,294 | 109,490,268 | 12,738,623 |
| Operating income (loss) | 8,131,546 | (12,707,169) | 4,137,066 |
| Nonoperating revenues (expenses): | | | |
| Interest income | 1,289,151 | 5,868,368 | 1,082,146 |
| Interest expense (net of amount capitalized of \$2,640,140) | (649,901) | (2,235,115) | 92,732 |
| Property taxes | - | - | - |
| Property tax refunds | - | - | - |
| Equity in joint venture income | - | - | - |
| Gain or (loss) on disposition of property and equipment | 185,476 | (2,255,849) | 54,708 |
| Total nonoperating revenues (expenses) | 824,726 | 1,377,404 | 1,229,586 |
| Capital Contributions | | | |
| Grants and other contributions | 3,502,226 | 19,836,783 | 3,698,881 |
| Passenger facility charges | - | 40,386,628 | - |
| Total capital contributions | 3,502,226 | 60,223,411 | 3,698,881 |
| Income before transfers | 12,458,498 | 48,893,646 | 9,065,533 |
| Transfers in | - | - | - |
| Transfers out | (44,806) | (43,615) | (19,235) |
| Increase in net assets | 12,413,692 | 48,850,031 | 9,046,298 |
| Net Assets July 1, 2005 as previously reported | 213,194,850 | 720,633,391 | 126,007,741 |
| Prior period adjustments (See Note 19) | - | - | - |
| Net Assets July 1, 2005 as restated | 213,194,850 | 720,633,391 | 126,007,741 |
| Net Assets June 30, 2006 | \$ 225,608,542 | \$ 769,483,422 | \$ 135,054,039 |

The accompanying notes are integral part of this statement

| Business-type Activities Enterprise Funds | | | | | Governmental Activities- Internal Service Funds |
|--|-------------------------|----------------------------|------------------|---------------|--|
| Housing Loans | Redevelopment Agency | Total Nonmajor Funds | Total | | |
| \$ 1,120,865 | \$ - | \$ 20,194,866 | \$ 183,201,716 | \$ 44,232,038 | |
| 163,304 | 1,865,015 | 1,917,042 | 7,584,004 | - | |
| 1,284,169 | 1,865,015 | 22,111,908 | 190,785,720 | 44,232,038 | |
| - | 557,259 | 6,635,845 | 58,868,902 | 8,562,331 | |
| - | 778,337 | 1,366,639 | 13,307,554 | 4,530,381 | |
| 360,610 | 8,590,675 | 10,427,500 | 67,469,657 | 31,911,844 | |
| - | 1,731,071 | 3,262,269 | 55,046,061 | 6,002,890 | |
| - | - | - | 4,981,216 | - | |
| 360,610 | 11,657,342 | 21,692,253 | 199,673,390 | 51,007,446 | |
| 923,559 | (9,792,327) | 419,655 | (8,887,670) | (6,775,408) | |
| 301,578 | 2,786,393 | 675,546 | 12,003,182 | 525,738 | |
| (642,063) | (4,174,727) | (47,636) | (7,656,710) | (247,983) | |
| - | 21,136,089 | - | 21,136,089 | - | |
| - | (110,106) | - | (110,106) | - | |
| - | - | (4,663,456) | (4,663,456) | - | |
| - | 64,489 | 115,475 | (1,835,701) | (63,155,796) | |
| (340,485) | 19,702,138 | (3,920,071) | 18,873,298 | (62,878,041) | |
| - | - | 1,978,997 | 29,016,887 | - | |
| - | - | - | 40,386,628 | - | |
| - | - | 1,978,997 | 69,403,515 | - | |
| 583,074 | 9,909,811 | (1,521,419) | 79,389,143 | (69,653,449) | |
| 14,217,549 | - | 5,308,617 | 19,526,166 | 6,553,542 | |
| (1,486,927) | (1,604,251) | (13,966) | (3,212,800) | (12,013,947) | |
| 13,313,696 | 8,305,560 | 3,773,232 | 95,702,509 | (75,113,854) | |
| - | 78,011,551 | 149,041,280 | 1,286,888,813 | 96,983,407 | |
| 20,584,904 | - | - | - | - | |
| 20,584,904 | 78,011,551 | 149,041,280 | 1,307,473,717 | 96,983,407 | |
| \$ 33,898,600 | \$ 86,317,111 | \$ 152,814,512 | \$ 1,403,176,226 | \$ 21,869,553 | |

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, 2006

| | |
|--|-----------------------------|
| Change in net assets for Proprietary Funds | \$ 95,702,509 |
| Internal service fund allocation for proprietary funds | <u>(275,071)</u> |
| Change in net assets for Primary government business-type activities | <u><u>\$ 95,427,438</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, 2006

| | Water Utility | Department of Airports | Sewer Utility |
|---|---------------------|------------------------------|---------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from customers and users | \$ 48,540,447 | \$ 97,895,363 | \$ 16,395,232 |
| Payments to suppliers | (24,075,192) | (36,336,011) | (4,087,657) |
| Payments to employees | (14,136,705) | (34,350,051) | (5,719,957) |
| Loans made | - | - | - |
| Principal received on loans | - | - | - |
| Other receipts | - | 39,860,072 | - |
| | <u>10,328,550</u> | <u>67,069,373</u> | <u>6,587,618</u> |
| Net cash provided by (used in) operating activities | | | |
| | <u>10,328,550</u> | <u>67,069,373</u> | <u>6,587,618</u> |
| Cash flows from noncapital and related financing activities: | | | |
| Property taxes received | - | - | - |
| Payments received on interfund receivables | - | - | - |
| Payments made on interfund payables | - | - | - |
| Cash received on deposit - related parties | - | - | - |
| Transfers in | - | - | - |
| Transfers out | (44,806) | (43,615) | (19,235) |
| | <u>(44,806)</u> | <u>(43,615)</u> | <u>(19,235)</u> |
| Net cash provided by (used in) noncapital and related financing activities | | | |
| | <u>(44,806)</u> | <u>(43,615)</u> | <u>(19,235)</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 | 177,025 | 783,451 | 51,356 |
| Contributions for aid in construction | 2,359,188 | 17,163,781 | 2,082,110 |
| Payments on long-term obligations, net of capitalized interest | (2,712,729) | (5,857,386) | (1,858,304) |
| Payments for purchase and construction of capital assets, including capitalized interest | (14,131,545) | (72,581,192) | (12,302,872) |
| | <u>(14,131,545)</u> | <u>(72,581,192)</u> | <u>(12,302,872)</u> |
| Net cash used in capital and related financing activities | | | |
| | <u>(14,308,061)</u> | <u>(60,491,346)</u> | <u>(12,027,710)</u> |

The accompanying notes are an integral part of this statement

| Housing Loans | Redevelopment Agency | Total Nonmajor Proprietary Funds | Total | Governmental Activities- Internal Service Funds |
|--------------------|-------------------------|--|----------------------|--|
| \$ 2,614,686 | \$ 1,865,015 | \$ 21,932,553 | \$ 189,243,296 | \$ 44,510,374 |
| (918,168) | (6,842,478) | (11,012,299) | (83,271,805) | (36,754,491) |
| - | (550,938) | (6,669,368) | (61,427,019) | (8,662,772) |
| (10,231,144) | (6,188,700) | - | (16,419,844) | - |
| 1,661,598 | 2,211,577 | - | 3,873,175 | - |
| - | - | - | 39,860,072 | - |
| <u>(6,873,028)</u> | <u>(9,505,524)</u> | <u>4,250,886</u> | <u>71,857,875</u> | <u>(906,889)</u> |
| - | 21,136,089 | - | 21,136,089 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 93,952 | - | 93,952 | - |
| 14,217,549 | - | - | 14,217,549 | 6,553,542 |
| <u>(1,486,927)</u> | <u>(1,604,251)</u> | <u>(13,966)</u> | <u>(3,212,800)</u> | <u>(6,705,330)</u> |
| <u>12,730,622</u> | <u>19,625,790</u> | <u>(13,966)</u> | <u>32,234,790</u> | <u>(151,788)</u> |
| 1,426,560 | - | 1,411,250 | 2,837,810 | 3,744,447 |
| - | 120,000 | 115,475 | 1,247,307 | 554,756 |
| - | - | 729,506 | 22,334,585 | - |
| (1,501,066) | (8,239,703) | (1,448,702) | (21,617,890) | (2,729,339) |
| - | (3,165,175) | (11,625,883) | (113,806,667) | (6,071,887) |
| <u>(74,506)</u> | <u>(11,284,878)</u> | <u>(10,818,354)</u> | <u>(109,004,855)</u> | <u>(4,502,023)</u> |

(continued)

SALT LAKE CITY CORPORATION
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
Year ended June 30, 2006

| | Water Utility | Department of Airports | Sewer Utility |
|--|----------------------|------------------------------|----------------------|
| Cash flows from investing activities: | | | |
| Proceeds from investments | - | - | - |
| Interest received on investments | 1,289,151 | 6,026,083 | 1,082,146 |
| Purchases of water stock | (26,882) | - | - |
| Net cash provided by investing activities | <u>1,262,269</u> | <u>6,026,083</u> | <u>1,082,146</u> |
| Net increase (decrease) in cash and cash equivalents | (2,762,048) | 12,560,495 | (4,377,181) |
| Cash and cash equivalents at beginning of year | <u>28,238,567</u> | <u>142,299,840</u> | <u>32,117,812</u> |
| Cash and cash equivalents at end of year | <u>\$ 25,476,519</u> | <u>\$ 154,860,335</u> | <u>\$ 27,740,631</u> |
| Cash and cash equivalent components: | | | |
| Unrestricted | \$ 16,369,450 | \$ 147,632,606 | \$ 23,002,759 |
| Restricted | <u>9,107,069</u> | <u>7,227,729</u> | <u>4,737,872</u> |
| Cash and cash equivalents at end of year | <u>\$ 25,476,519</u> | <u>\$ 154,860,335</u> | <u>\$ 27,740,631</u> |
| Cash flows from operating activities - | | | |
| Operating income (loss) | <u>\$ 8,131,546</u> | <u>\$ (12,707,169)</u> | <u>\$ 4,137,066</u> |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 5,607,564 | 40,812,398 | 3,632,759 |
| Increase (decrease) due to changes in: | | | |
| Accounts receivable | (3,284,780) | 228,064 | (433,111) |
| Inventory | (168,110) | - | (15,618) |
| Other current assets | 13,274 | 40,949,055 | 28,223 |
| Due to other funds for cash overdraft | - | - | - |
| Accounts payable | 59,875 | (2,039,907) | (667,703) |
| Accrued liabilities affecting operating activities | 23,065 | - | (46,651) |
| Deferred revenue | - | - | - |
| Other liabilities | (53,884) | (173,068) | (47,347) |
| Long-term compensation liability | - | - | - |
| Total adjustments | <u>2,197,004</u> | <u>79,776,542</u> | <u>2,450,552</u> |
| Loans made to residents and businesses | - | - | - |
| Principal collected on loans | - | - | - |
| Net cash provided by (used in) operating activities | <u>\$ 10,328,550</u> | <u>\$ 67,069,373</u> | <u>\$ 6,587,618</u> |
| Noncash transactions affecting financial position: | | | |
| Contributions of capital assets from other entities | \$ 1,143,038 | \$ - | \$ 1,616,771 |

The accompanying notes are an integral part of this statement

| Housing Loans | Redevelopment Agency | Total Nonmajor Proprietary Funds | Total | Governmental Activities- Internal Service Funds |
|-----------------------|-------------------------|--|-----------------------|--|
| - | 368,682 | - | 368,682 | - |
| 301,578 | 3,046,711 | 675,546 | 12,421,215 | 460,330 |
| - | - | - | (26,882) | - |
| <u>301,578</u> | <u>3,415,393</u> | <u>675,546</u> | <u>12,763,015</u> | <u>460,330</u> |
| 6,084,666 | 2,250,781 | (5,905,888) | 7,850,825 | (5,100,370) |
| <u>3,311,483</u> | <u>66,424,358</u> | <u>24,373,369</u> | <u>296,765,429</u> | <u>22,144,324</u> |
| <u>\$ 9,396,149</u> | <u>\$ 68,675,139</u> | <u>\$ 18,467,481</u> | <u>\$ 304,616,254</u> | <u>\$ 17,043,954</u> |
| | | | | |
| \$ 9,285,664 | \$ 57,332,203 | \$ 14,639,810 | \$ 268,262,492 | \$ 16,000,385 |
| <u>110,485</u> | <u>11,342,936</u> | <u>3,827,671</u> | <u>36,353,762</u> | <u>\$ 1,043,569</u> |
| <u>\$ 9,396,149</u> | <u>\$ 68,675,139</u> | <u>\$ 18,467,481</u> | <u>\$ 304,616,254</u> | <u>\$ 17,043,954</u> |
| | | | | |
| <u>\$ 923,559</u> | <u>\$ (9,792,327)</u> | <u>\$ 419,655</u> | <u>\$ (8,887,670)</u> | <u>\$ (6,775,408)</u> |
| | | | | |
| - | 1,764,450 | 3,262,269 | 55,079,440 | 6,002,890 |
| 502,421 | - | (293,801) | (3,281,207) | - |
| 698,449 | - | - | 514,721 | (90,627) |
| 828,096 | - | 126,377 | 41,945,025 | (1,153,608) |
| - | - | - | - | (246,162) |
| (500,821) | 1,954,152 | 787,652 | (406,752) | 554,929 |
| (755,186) | 542,164 | (34,439) | (271,047) | 805,071 |
| - | - | - | - | (12,041) |
| - | - | 15,046 | (259,253) | - |
| - | 3,160 | (31,873) | (28,713) | 8,067 |
| <u>772,959</u> | <u>4,263,926</u> | <u>3,831,231</u> | <u>93,292,214</u> | <u>5,868,519</u> |
| | | | | |
| (10,231,144) | (6,188,700) | - | (16,419,844) | - |
| <u>1,661,598</u> | <u>2,211,577</u> | <u>-</u> | <u>3,873,175</u> | <u>-</u> |
| <u>\$ (6,873,028)</u> | <u>\$ (9,505,524)</u> | <u>\$ 4,250,886</u> | <u>\$ 71,857,875</u> | <u>\$ (906,889)</u> |
| | | | | |
| \$ - | \$ - | \$ 4,858,641 | \$ 7,618,450 | \$ - |

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, 2006

| <u>ASSETS</u> | <u>Deferred Compensation Trust</u> |
|--|--|
| Restricted investments: | |
| Utah State Treasurer's Pool | <u>\$ 1,146,373</u> |
| <u>NET ASSETS</u> | |
| Held in trust for pension benefits and other purposes | <u>\$ 1,146,373</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, 2006

| | Deferred Compensation Trust |
|--------------------------|------------------------------------|
| | <u> </u> |
| Additions: | |
| Investment income | \$ 47,646 |
| | <u> </u> |
| Total additions | <u> 47,646</u> |
| | |
| Deductions: | |
| Investment expenses | - |
| Benefits | <u> 35,000</u> |
| | |
| Total deductions | <u> 35,000</u> |
| | |
| Changes in Net Assets | 12,646 |
| | |
| Net Assets July 1, 2005 | <u> 1,133,727</u> |
| | |
| Net Assets June 30, 2006 | <u><u> \$ 1,146,373</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, 2006

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, 2006, 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, 2006, 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 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, 2006, 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, 2006

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, treats it and delivers 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 six 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, 2006

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, Municipal Building Authority and the Copy Center. 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", while the Copy Center provides centralized copying, printing and interdepartmental mail services.

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 and long term compensated absences) 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, 2006

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, 2006, 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, 2006

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 \$3,000 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, 2006, was \$2,640,140. 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 issue costs and 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.

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, 2006

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 nonexchange 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, 2005.

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, 2006

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"). 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 Council. (Rule 16 of the Act.) 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 Act.) 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, certified dealers included in the current state list, and qualified non-certified dealers conducting transactions through certified investment advisers. 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) Deposits with the 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) Utah State Treasurer's Investment Pool; (11) Investments with deferred compensation plan administrators.

The City did not enter into any reverse repurchase agreements during the year ended June 30, 2006.

SALT LAKE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

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 Utah State Treasurer's Investment Pool (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 \$100,000 per account by the Federal Deposit Insurance Corporation. Deposits above the \$100,000 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 \$1,468,629. Of this amount, \$148,319 was insured and the remaining \$1,320,310 was uninsured and uncollateralized. The bank balance of the Library component unit totaled \$66,124, all of it fully 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. Deposit receipts issued by the State Treasurer's Office 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 \$399,638,717 invested by the City, \$57,010,637 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 \$518,824 exposed to custodial credit risk with the entire amount held in the Library'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, 2006

| | Fair Value | Investments maturities (in years) | | | |
|---------------------------------------|-----------------------|-----------------------------------|---------------------|-------------|--------------|
| | | Less than 1 | 1 - 5 | 6 - 10 | More than 10 |
| Primary government: | | | | | |
| Debt Securities | | | | | |
| U.S. Agency Notes | \$ 8,935,180 | \$ - | \$ 8,935,180 | \$ - | \$ - |
| U.S. Treasury Bills | 955,068 | 642,646 | 312,422 | - | - |
| Money market mutual funds | 44,335,884 | 44,335,884 | - | - | - |
| Corporate notes | 2,998,740 | 2,998,740 | - | - | - |
| | <u>57,224,872</u> | <u>\$ 47,977,270</u> | <u>\$ 9,247,602</u> | <u>\$ -</u> | <u>\$ -</u> |
| Other investments | | | | | |
| Investment in State Treasurer's Pool | 342,413,845 | | | | |
| Total investments, primary government | <u>\$ 399,638,717</u> | | | | |
| Component units: | | | | | |
| Debt Securities - | | | | | |
| Repurchase agreements | \$ 518,824 | <u>\$ 518,824</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Other investments | | | | | |
| Investment in State Treasurer's Pool | 5,559,279 | | | | |
| Total investments, component units | <u>\$ 6,078,103</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 | \$ 8,935,180 | \$ 8,935,180 | \$ - | \$ - | \$ - |
| Money market mutual funds | 44,335,884 | 37,458,568 | - | - | 6,877,316 |
| Corporate notes | 2,998,740 | - | 2,998,740 | - | - |
| Investment in State Treasurer's Pool | 342,413,845 | - | - | - | 342,413,845 |

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 debt securities investments as June 30, 2006 with more than 5% of total investments at JP MorganChase. The total invested at this institution was 5.85%

A summary of restricted and unrestricted cash, cash equivalents and investments at June 30, 2006 is on the following page.

SALT LAKE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

| | Primary Government | Component Units |
|--|-----------------------|---------------------|
| Unrestricted cash and cash equivalents | \$ 359,989,429 | \$ 585,233 |
| Restricted cash and cash equivalents | 39,744,857 | - |
| Unrestricted investments | 955,068 | 5,559,279 |
| Restricted investments | 1,146,373 | - |
| Total | <u>\$ 401,835,727</u> | <u>\$ 6,144,512</u> |
| Deposits | \$ 2,076,592 | \$ 65,034 |
| Investments | 399,638,717 | 6,078,103 |
| Cash on hand | 120,418 | 1,375 |
| Total | <u>\$ 401,835,727</u> | <u>\$ 6,144,512</u> |

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.

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, 2006 were \$35,839,630, net of \$57,988 estimated as uncollectible.

The Grants Operating Fund (a special revenue fund) provides loans for commercial construction. The loans receivable at June 30, 2006 were \$5,055,630 net of an allowance for uncollectible loans of \$4,000,000. 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 \$29,231,432 at June 30, 2006, 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 under the revenue bond resolution for the purpose of paying bond principal and interest and for construction of specific Airport facilities. Also, certain assets are restricted for operating and maintenance costs, and for renewal and replacement of property and equipment.

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, 2006

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 Housing Loans Fund (an enterprise fund) are restricted for use in accordance with grant or financing provisions.

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, 2006:

| Primary Government | Beginning Balance | Increases | Decreases | Ending Balance |
|---|-----------------------|----------------------|------------------------|-----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 165,329,841 | \$ 11,145,679 | \$ (7,404,846) | \$ 169,070,674 |
| Construction in progress | 14,254,628 | 9,136,094 | (7,047,149) | 16,343,573 |
| Total capital assets, not being depreciated | <u>179,584,469</u> | <u>20,281,773</u> | <u>(14,451,995)</u> | <u>185,414,247</u> |
| Capital assets, being depreciated | | | | |
| Buildings | 211,679,858 | 52,617,029 | (66,642,291) | 197,654,596 |
| Improvements other than buildings | 37,900,135 | 4,244,658 | (15,688,016) | 26,456,777 |
| Machinery and equipment | 73,910,695 | 11,610,109 | (8,432,891) | 77,087,913 |
| Infrastructure | 219,948,512 | 10,097,818 | - | 230,046,330 |
| Total capital assets being depreciated | <u>543,439,200</u> | <u>78,569,614</u> | <u>(90,763,198)</u> | <u>531,245,616</u> |
| Less accumulated depreciation: | | | | |
| Buildings | 35,858,591 | 4,549,937 | (12,201,797) | 28,206,731 |
| Improvements other than buildings | 13,699,219 | 1,223,944 | (7,916,914) | 7,006,249 |
| Machinery and equipment | 49,305,691 | 6,980,028 | (8,837,914) | 47,447,805 |
| Infrastructure | 91,287,891 | 5,116,245 | - | 96,404,136 |
| Total accumulated depreciation | <u>190,151,392</u> | <u>17,870,154</u> | <u>(28,956,625)</u> | <u>179,064,921</u> |
| Total capital assets, being depreciated net | <u>353,287,808</u> | <u>60,699,460</u> | <u>(61,806,573)</u> | <u>352,180,695</u> |
| Governmental activities capital assets, net | <u>\$ 532,872,277</u> | <u>\$ 80,981,233</u> | <u>\$ (76,258,568)</u> | <u>\$ 537,594,942</u> |

(Continued)

SALT LAKE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

5. Capital Assets - Continued

| Business-type activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-------------------------|----------------------|---------------------|-------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 85,355,450 | \$ 2,536,239 | \$ (2,240,410) | 85,651,279 |
| Construction in progress | 139,596,273 | 45,842,700 | (9,116,539) | 176,322,434 |
| Total capital assets, not being depreciated | <u>224,951,723</u> | <u>48,378,939</u> | <u>(11,356,949)</u> | <u>261,973,713</u> |
| Capital assets, being depreciated | | | | |
| Buildings | 401,877,800 | 10,944,013 | (1,482,024) | 411,339,789 |
| Improvements other than buildings | 960,343,694 | 63,266,746 | (461,001) | 1,023,149,439 |
| Machinery and equipment | 133,034,826 | 12,058,280 | (5,466,126) | 139,626,980 |
| Total capital assets being depreciated | <u>1,495,256,320</u> | <u>86,269,039</u> | <u>(7,409,151)</u> | <u>1,574,116,208</u> |
| Less accumulated depreciation: | | | | |
| Buildings | 174,075,914 | 12,325,367 | (19,826,871) | 166,574,410 |
| Improvements other than buildings | 362,415,453 | 52,699,315 | (1,415,922) | 413,698,846 |
| Machinery and equipment | 82,747,555 | 9,001,055 | (4,363,601) | 87,385,009 |
| Total accumulated depreciation | <u>619,238,922</u> | <u>74,025,737</u> | <u>(25,606,394)</u> | <u>667,658,265</u> |
| Total capital assets, being depreciated net | <u>876,017,398</u> | <u>12,243,302</u> | <u>18,197,243</u> | <u>906,457,943</u> |
| Business-type activities capital assets, net | <u>\$ 1,100,969,121</u> | <u>\$ 60,622,241</u> | <u>\$ 6,840,294</u> | <u>\$ 1,168,431,656</u> |

Depreciation expense for the year ended June 30, 2006 for governmental and business type activities is shown in the table below:

| | Depreciation Expense |
|--|-------------------------|
| Governmental activities: | |
| General Government | |
| City Council | \$ 5,298 |
| Mayor | 4,522 |
| City Attorney | 12,456 |
| Management Services | 2,929,637 |
| Fire | 436,907 |
| Police | 1,104,847 |
| Community and Economic Development | 39,339 |
| Public Services | 2,209,851 |
| Infrastructure Depreciation | 5,116,245 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 6,002,890 |
| Total depreciation expense - governmental activities | <u>\$ 17,861,992</u> |
| Business-type activities: | |
| Water | \$ 5,583,264 |
| Airport Authority | 40,812,399 |
| Sewer | 3,618,272 |
| Housing | - |
| Redevelopment Agency | 1,731,071 |
| Other activities | 3,251,826 |
| Total depreciation expense - business-type activities | <u>\$ 54,996,832</u> |

SALT LAKE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

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

| Component Unit - Library | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|----------------|-------------|-------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 590,554 | \$ - | \$ - | \$ 590,554 |
| Total capital assets, not being depreciated | 590,554 | - | - | 590,554 |
| Capital assets, being depreciated | | | | |
| Buildings | 8,167,620 | 98,594 | - | 8,266,214 |
| Improvements other than buildings | 317,116 | - | - | 317,116 |
| Machinery and equipment | 19,120,307 | 1,720,782 | (1,403,740) | 19,437,349 |
| Total capital assets being depreciated | 27,605,043 | 1,819,376 | (1,403,740) | 28,020,679 |
| Less accumulated depreciation: | | | | |
| Buildings | 2,636,395 | 353,458 | | 2,989,853 |
| Improvements other than buildings | 243,340 | 15,974 | | 259,314 |
| Machinery and equipment | 9,399,735 | 2,580,312 | (1,403,740) | 10,576,307 |
| Total accumulated depreciation | 12,279,470 | 2,949,744 | (1,403,740) | 13,825,474 |
| Total capital assets, being depreciated net | 15,325,573 | (1,130,368) | - | 14,195,205 |
| Component unit capital assets, net | \$ 15,916,127 | \$ (1,130,368) | \$ - | \$ 14,785,759 |

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, 2006.

SALT LAKE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

| Long Term Debt | Amount of Original Issue (bonds only) | Balance June 30, 2005 | Additions | Retirements | Balance June 30, 2006 | Due Within One Year |
|---|---|-----------------------------|---------------|---------------|-----------------------------|------------------------|
| Governmental Activities | | | | | | |
| General obligation bonds - 1999 | \$ 81,000,000 | \$ 18,015,000 | \$ - | \$ 3,235,000 | \$ 14,780,000 | \$ 3,385,000 |
| General obligation bonds - 2001 | 22,650,000 | 14,975,000 | - | 2,220,000 | 12,755,000 | 2,325,000 |
| General obligation bonds - 2002 | 48,855,000 | 47,770,083 | - | 181,481 | 47,588,602 | 160,000 |
| General obligation bonds - 2004 | 11,300,000 | 10,995,026 | - | 457,374 | 10,537,652 | 445,000 |
| Special improvement bonds | 3,147,000 | 1,404,000 | 472,000 | 311,000 | 1,565,000 | 275,000 |
| Sales tax revenue bonds - 2004 | 17,300,000 | 15,782,640 | - | 1,527,461 | 14,255,179 | 2,075,000 |
| Sales tax revenue bonds - 2005 | 47,355,000 | 47,136,940 | - | 1,495,077 | 45,641,863 | 950,000 |
| Motor Fuel Excise tax revenue bonds - 1999 | 5,155,000 | 2,580,000 | - | 600,000 | 1,980,000 | 630,000 |
| General Long-term compensation liability | | 14,924,671 | 6,903,400 | 6,986,032 | 14,842,039 | 1,749,442 |
| Internal Service Fund Debt: | | | | | | |
| ISF GE Capital Finance Note | | 5,605,101 | 3,744,447 | 2,515,244 | 6,834,304 | 2,858,870 |
| ISF Long-term compensation liability | | 1,218,596 | 522,548 | 557,775 | 1,183,369 | 119,919 |
| Total Governmental long-term debt | | \$ 180,407,057 | \$ 11,642,395 | \$ 20,086,444 | \$ 171,963,008 | \$ 14,973,231 |
| Business-type Activities | | | | | | |
| Water 1997 Series | 24,515,000 | 13,564,319 | - | 1,261,769 | 12,302,550 | 1,390,000 |
| Sewer 2004 series | 23,525,800 | 24,523,273 | - | 852,732 | 23,670,541 | 790,400 |
| Storm 2004 Series | 7,429,200 | 7,744,191 | - | 269,283 | 7,474,908 | 249,600 |
| Water 2005 Series | 11,075,000 | 11,457,422 | - | 382,780 | 11,074,642 | 320,000 |
| Airport 2004A series | 35,000,000 | 29,337,426 | - | 1,848,344 | 27,489,082 | 1,500,000 |
| Airport 2004B series | 26,875,000 | 22,917,054 | - | 1,294,127 | 21,622,927 | 1,150,000 |
| Redevelopment Agency 1990 tax increment | 24,268,008 | 13,533,008 | - | 777,585 | 12,755,423 | 724,482 |
| Redevelopment Agency 1997A tax increment | 16,505,000 | 6,695,582 | - | 1,583,086 | 5,112,496 | 1,630,000 |
| Redevelopment Agency 1998A tax increment | 24,600,000 | 11,211,179 | - | 2,623,266 | 8,587,913 | 2,715,000 |
| Redevelopment Agency 2002a tax increment | 16,190,000 | 8,859,433 | - | 383,328 | 8,476,105 | 475,000 |
| Enterprise GE Capital Finance Note | | 1,166,683 | 1,411,250 | 566,663 | 2,011,270 | 725,022 |
| Loan financing notes | | 11,714,787 | 1,426,560 | 859,148 | 12,282,199 | 527,004 |
| Enterprise Notes Payable | | 720,804 | - | 231,133 | 489,671 | 240,151 |
| Enterprise Long-term compensation liability | | 7,951,011 | 4,894,076 | 5,086,860 | 7,758,227 | 1,070,277 |
| Total Business-type long-term debt | | 171,396,172 | 7,731,886 | 18,020,104 | 161,107,954 | 13,506,936 |
| Total long-term debt | | \$ 351,803,229 | \$ 19,374,281 | \$ 38,106,548 | \$ 333,070,962 | \$ 28,480,167 |

(Continued)

SALT LAKE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

6. Long-term obligations -- (continued)

| | Amount of Original Issue (bonds only) | Balance June 30, 2005 | Additions | Retirements | Balance June 30, 2006 | Due Within One Year |
|--|---|-----------------------------|-----------|-------------|-----------------------------|------------------------|
| Long Term Debt | | | | | | |
| Component Units | | | | | | |
| Library Long-term compensation liability | | \$ 330,320 | \$ - | \$ 33,127 | \$ 297,193 | \$ 52,217 |
| Total component unit long-term debt | | \$ 330,320 | \$ - | \$ 33,127 | \$ 297,193 | \$ 52,217 |

The annual debt requirements to maturity, including principal and interest, as of June 30, 2006 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 |
| 2007 | \$ 3,655,000 | \$ 2,708,860 | \$ 10,944,482 | \$ 5,737,605 | \$ 6,315,000 | \$ 4,410,081 |
| 2008 | 3,720,000 | 2,646,744 | 10,939,414 | 5,432,744 | 6,620,000 | 4,086,343 |
| 2009 | 3,875,000 | 2,489,812 | 13,934,776 | 8,759,664 | 6,875,000 | 3,770,257 |
| 2010 | 3,305,000 | 2,330,325 | 9,318,952 | 8,574,309 | 7,200,000 | 3,440,043 |
| 2011 | 3,440,000 | 2,191,550 | 24,215,305 | 14,368,408 | 7,550,000 | 3,080,274 |
| 2012-2016 | 19,550,000 | 8,590,038 | 44,667,494 | 30,089,990 | 27,560,000 | 10,620,647 |
| 2017-2021 | 24,815,000 | 3,222,875 | 28,480,000 | 1,388,201 | 21,400,000 | 2,900,281 |
| 2022-2026 | - | - | - | - | 2,305,000 | 218,312 |
| Subtotal | 62,360,000 | 24,180,204 | 142,500,423 | 74,350,921 | 85,825,000 | 32,526,238 |
| Less discount and deferred loss | 482,958 | - | 3,933,836 | - | 163,746 | - |
| Net debt | \$ 61,877,042 | \$ 24,180,204 | \$ 138,566,587 | \$ 74,350,921 | \$ 85,661,254 | \$ 32,526,238 |

| Year Ending June 30 | Special Assessment Bonds | | Other Debt | | | |
|---------------------------|--------------------------|------------|-------------------------|------------|---------------------|--------------|
| | Governmental Activities | | Governmental Activities | | Business Activities | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2007 | \$ 275,000 | \$ 55,993 | \$ 2,858,870 | \$ 238,764 | \$ 1,492,177 | \$ 778,199 |
| 2008 | 258,000 | 46,847 | 2,015,720 | 138,494 | 1,370,008 | 714,348 |
| 2009 | 162,000 | 39,205 | 1,315,385 | 69,800 | 959,030 | 651,553 |
| 2010 | 167,000 | 33,419 | 644,329 | 22,320 | 990,896 | 601,800 |
| 2011 | 173,000 | 27,013 | - | - | 635,431 | 554,123 |
| 2012-2016 | 530,000 | 47,719 | - | - | 3,629,898 | 2,166,092 |
| 2017-2021 | - | - | - | - | 3,689,214 | 1,037,689 |
| 2022-2026 | - | - | - | - | 1,741,046 | 238,550 |
| 2027-2031 | - | - | - | - | 173,260 | 45,244 |
| 2032-2036 | - | - | - | - | 102,180 | 7,075 |
| Total | \$ 1,565,000 | \$ 250,196 | \$ 6,834,304 | \$ 469,378 | \$ 14,783,140 | \$ 6,794,673 |

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

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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, 2006 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 absences have traditionally been liquidated by the fund to which the employee's salary is charged.

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, 2006 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.

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

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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 \$315,223 at June 30, 2006. 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 5.00 percent and have a final maturity in fiscal year 2016.

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 have a final maturity in fiscal year 2009. The 1999 series bonds, which are 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 has pledged motor and special fuel excise taxes (Class C road funds) as collateral for these revenue bonds.

Sales Tax Revenue 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, 2006, the remaining outstanding balances of the series 1999A, 1999B and 2001 lease revenue bonds are \$10,155,000, \$24,935,000 and \$11,155,000, respectively,

Water and Sewer 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, 2006 of these bonds was \$1,042,228.

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

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\$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 \$7,960,000 was outstanding on June 30, 2006.

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, 2006 outstanding balance of \$1,780,000. On May 1, 2005, a portion (\$7,805,000) of the 1997 bonds was defeased. On June 30, 2006, \$7,265,000 was outstanding.

On February 1, 2004, the Sewer and Storm-water 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) was \$33,344,480, 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.

Department of Airports Bonds

The bond resolution approved in conjunction with the issuance of the Airport revenue bonds provides, among other things, that certain funds be established and certain accounting procedures be followed. Under the terms of this resolution, the City irrevocably pledged the net revenues of the City airports 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.

On February 20, 2004, the Airport issued \$35,000,000 in Adjustable Rate Revenue Refunding Bonds, Series 2004A (the Series 2004A Bond). The principal purpose of the Series 2004A Bond was to refund in full the Series 2000A and 2001 bonds. The refunding created a deferred loss of \$1,237,397 due to unamortized issue and discount costs as well as unamortized interest income and expense generated by a terminated interest rate swap arrangement. The deferred loss and the swap income and expense will be amortized using the effective interest rate method over the life of the 2004A Bond. The capitalized issuance costs associated with the issuance of the Series 2004A bonds were \$492,482 and are being amortized over the life of the bond. There was no premium or discount associated with the issuance of the Series 2004A Bond.

On February 20, 2004, the Airport issued \$26,875,000 in Adjustable Rate Airport Revenue Refunding Bonds, Series 2004B (the “Series 2004B Bonds”). The principal purpose of the 2004B Bonds was to refund in full the Series 1993B Revenue Refunding Bonds. This refunding created a deferred loss of \$2,763,856 that will be amortized using the effective interest rate method over the life of the 2004B bonds. The capitalized issuance costs associated with the issuance of the 2004B bonds were \$877,453 and are being amortized over the life of the bonds.

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.

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

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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 2006 totaled \$2,696,094 and the amount paid in fiscal 2006 but formerly accreted amounted to \$1,402,464.

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 2008. 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.

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 2008. 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.

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 4.82 to 8.27 percent. Tax anticipation notes totaling \$21,000,000 were issued and repaid during fiscal 2006. These 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, 2006.

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.

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

Expenditures in the Arts Council Fund exceeded budget by \$46,250. Expenditures for events that occurred too late for any budget adjustments, incurred higher expenditures than budgeted.

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Transfers out exceeded budget in the following funds by the following amounts, CDBG Operating (\$1,554,356), Grants Operating (\$3,438,199), and Donations (\$333,293), special revenue funds, Capital Projects Fund (\$30,862), Water Utility (\$44,806), Sewer Utility (\$19,235), and Storm Water Utility (\$1,214), enterprise funds, Risk Management (\$6,376) internal services fund. These over budget conditions arose because of misclassifications in the budget between expenditures and transfers out.

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, 2006, are as shown on the following table:

| | General Fund charges for: | | | | |
|---------------------------------|----------------------------|--------------------------------|----------------------------------|--------------------------------------|---------------------|
| | Administrative services | Fire protection services | Police protection services | Engineering and other services | Total |
| Enterprise funds: | | | | | |
| Intermodal Hub | \$ - | \$ - | \$ - | \$ 81,195 | \$ 81,195 |
| Water Utility | 587,156 | - | - | 15,862 | 603,018 |
| Sewer Utility | 106,768 | - | - | 243 | 107,011 |
| Storm Water Utility | 38,212 | - | - | 180,876 | 219,088 |
| Airport | 1,287,834 | 3,517,051 | 96,996 | - | 4,901,881 |
| Refuse Collection | 62,535 | - | - | 138,214 | 200,749 |
| Golf | 136,692 | - | - | 201,816 | 338,508 |
| Redevelopment Agency | 181,104 | - | - | 75,783 | 256,887 |
| Internal service funds: | | | | | |
| Fleet Management | 109,247 | - | - | 95,419 | 204,666 |
| Information Management | 108,244 | - | - | - | 108,244 |
| Municipal Building Auth. | - | - | - | - | - |
| Governmental Immunity | 55,528 | - | - | - | 55,528 |
| Risk Management | 176,022 | - | - | - | 176,022 |
| Special revenue funds | | | | | |
| CDBG Operating Fund | - | - | - | 1,118 | 1,118 |
| Grants Operating Fund | - | - | - | 17,972 | 17,972 |
| E 911 Dispatch | 6,669 | - | - | - | 6,669 |
| Capital Projects Fund | - | - | - | 1,569,017 | 1,569,017 |
| Subtotal, primary government | 2,856,011 | 3,517,051 | 96,996 | 2,377,515 | 8,847,573 |
| Component unit - Library | 16,209 | - | - | - | 16,209 |
| Total reporting entity | <u>\$ 2,872,220</u> | <u>\$ 3,517,051</u> | <u>\$ 96,996</u> | <u>\$ 2,377,515</u> | <u>\$ 8,863,782</u> |

10. Transfers

Transfers were made to and from several funds during the course of the year ended June 30, 2006. 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

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general liability claims. Also, transfers from the Capital Projects Fund to Debt Service Funds provide resources to make scheduled principal and interest payments. The following tables show the detail of transfers.

| <u>Transfers out from:</u> | Transfers in to: | | | |
|----------------------------|---------------------|----------------------|----------------------|----------------------|
| | General | Capital Projects | Housing Loans | Nonmajor Proprietary |
| General Fund | \$ - | \$ 24,454,674 | \$ - | \$ - |
| Capital Projects | 205,000 | - | - | - |
| Housing Loans | - | - | - | - |
| Water | - | - | - | - |
| Airport | - | - | - | - |
| Sewer | - | - | - | - |
| Redevelopment | - | 1,600,000 | - | - |
| Nonmajor Governmental | 1,699,962 | 300,000 | 14,217,549 | - |
| Nonmajor Proprietary | - | - | - | - |
| Internal Service | 152,000 | 6,479,693 | - | 5,308,617 |
| | <u>\$ 2,056,962</u> | <u>\$ 32,834,367</u> | <u>\$ 14,217,549</u> | <u>\$ 5,308,617</u> |

| <u>Transfers out from:</u> | Transfers in to: | | |
|----------------------------|-----------------------|---------------------|----------------------|
| | Nonmajor Governmental | Internal Service | Total |
| General Fund | \$ 147,287 | \$ 6,424,032 | \$ 31,025,993 |
| Capital Projects | 14,564,948 | - | 14,769,948 |
| Housing Loans | 1,486,927 | - | 1,486,927 |
| Water | 20,000 | 24,806 | 44,806 |
| Airport | - | 43,615 | 43,615 |
| Sewer | - | 19,235 | 19,235 |
| Redevelopment | - | 4,251 | 1,604,251 |
| Nonmajor Governmental | - | - | 16,217,511 |
| Nonmajor Proprietary | - | 13,966 | 13,966 |
| Internal Service | 50,000 | 23,637 | 12,013,947 |
| | <u>\$ 16,269,162</u> | <u>\$ 6,553,542</u> | <u>\$ 77,240,199</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 at other locations with a deductible of the higher between 3% of the value or \$100,000, (2) \$100,000,000 in flood coverage for facilities that are located outside the standard report zone, (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 \$250 and (3) a theft, disappearance and destruction policy with a limit of \$25,000 and a \$250 deductible. The City also has excess workers' compensation insurance with a \$25,000,000 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.

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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 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, 2003 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 |
|---------------------------|--|---|-----------------------|----------------------------------|---------------------------------|
| 2004-2005 | | | | | |
| Long term disability | \$ 1,023,576 | \$ 1,004,144 | \$ (565,752) | \$ 1,461,968 | |
| Workers' compensation | 1,765,000 | 1,791,174 | (1,558,174) | 1,998,000 | |
| Unemployment compensation | 55,442 | 224,309 | (245,581) | 34,170 | |
| | <u>\$ 2,844,018</u> | <u>\$ 3,019,627</u> | <u>\$ (2,369,507)</u> | <u>\$ 3,494,138</u> | |
| 2005-2006 | | | | | |
| Long term disability | \$ 1,461,968 | \$ 447,925 | \$ (273,243) | \$ 1,636,650 | \$ 288,073 |
| Workers' compensation | 1,998,000 | 2,003,012 | (1,244,012) | 2,757,000 | 1,113,555 |
| Unemployment compensation | 34,170 | 192,130 | (194,350) | 31,950 | 34,170 |
| | <u>\$ 3,494,138</u> | <u>\$ 2,643,067</u> | <u>\$ (1,711,605)</u> | <u>\$ 4,425,600</u> | <u>\$ 1,435,798</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.

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| | 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 | 10 years age 62 - 64 4 years age 65 | (with actuarial reduction) 20 years age 60 - 61 10 years age 62 - 64 4 years age 65 | 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, 2006 are:

| | Employee contributions paid by City (100% vested) | City's contribution (vested upon retirement) |
|----------------------|--|--|
| Contributory | 6.00 % | 7.08 % |
| Noncontributory | - | 11.09 % |
| Firefighters' System | 7.83 % | - % |

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, 2006 | June 30, 2005 | June 30, 2004 |
|--|------------------|------------------|------------------|
| Local Government Contributory System: | | | |
| Employer paid for employee contributions | \$ 502,509 | \$ 519,404 | \$ 551,763 |
| Employer contributions | 592,961 | 612,901 | 515,894 |
| Local Government Noncontributory System | 8,408,690 | 8,502,360 | 7,220,681 |
| Firefighters' system: | | | |
| Employer paid for employee contributions | 1,464,250 | 1,410,219 | 1,389,061 |

Salt Lake City Public Safety Retirement System - The percent of salary contribution rates for the Contributory system were 4.34% (employee contribution), 9.40% (employer for employee), and 19.96% (employer). The rate for the Noncontributory was 32.52%. The rates are the actuarial determined rates, and are authorized by statute and specified by the Utah State Retirement Board. The combined annual pension cost for the City's contributory and noncontributory public safety systems of \$7,571,152 for the fiscal year ended June 30, 2006 was equal to the City's required and actual contributions.

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The required contribution was determined as part of the January 1, 2005 actuarial valuation using the entry age normal cost method. The actuarial assumptions include: (a) an 8% investment rate of return (net of administrative expenses), (b) projected salary increases at 4.50% (3.50% from inflation, 1.00% from membership growth), and (c) 2.50% cost of living adjustment. Both (a) and (b) include an inflation component of 3.50%. 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. 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, 2006 | \$ 7,571,152 | 100% | \$ - |
| June 30, 2005 | 6,621,604 | 100% | - |
| June 30, 2004 | 6,082,305 | 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, 2005 | \$ 150,347,000 | \$ 197,608,000 | \$ 47,261,000 | 76% | \$ 22,778,000 | 207% |
| January 1, 2005 | 142,134,000 | 187,740,000 | 45,606,000 | 76% | 20,672,000 | 221% |
| January 1, 2004 | 138,148,000 | 176,136,000 | 37,988,000 | 78% | 20,380,000 | 186% |

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. Post-Employment Benefits

In addition to providing pension benefits, the City provides health care and life insurance benefits for retired City employees. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. Although not statutorily required nor contractually obligated, the City has for many years provided health and life insurance coverage for retired employees. These benefits are expensed when incurred and are financed on a pay as you go basis. There were 627 participants that received benefits during the year ended June 30, 2006.

Depending on the plan, the retired employee contributes 51% to 78% of the cost of the insurance premiums and the City contributes 22% to 49%. Employees can prepay their contribution for a portion of the time or have amounts withheld from their retirement checks by the state retirement system and sent to the City. Any prepaid contribution is recorded as deferred revenue in the Risk Management Fund (an internal service fund). The cost of retiree health care and life insurance benefits for the year ended June 30, 2006 was approximately \$2,976,000, of which the City's expense was \$862,000.

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

SALT LAKE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

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 and did not contribute to the plan. The City's total payroll was \$136,311,273 for the fiscal year ended June 30, 2006. Employees contributed \$997,745 to the plan 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 in the fiscal year ended June 30, 2006 was \$136,311,273. Of that amount, payroll of \$126,178,145 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, 2006, employees contributed \$2,847,041 and the City contributed \$499,611. 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, 2006, employees contributed \$550 to the Traditional plan and \$13,536 to the Roth plan.

15. Commitments and Contingencies

Commitments for major construction, capital improvement and other projects at June 30, 2006 are as follows:

| | |
|------------------------|----------------------|
| General Fund | \$ 1,261,000 |
| Special revenue funds | 3,873,000 |
| Capital Projects Fund | 13,815,000 |
| Internal service funds | 26,000 |
| Enterprise funds | 69,304,000 |
| Total | <u>\$ 88,279,000</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, 2006 approximated \$1,061,000 of which \$577,000 was related to proprietary funds. The following page shows a schedule of future minimum rental payments required under non-cancellable operating leases as of June 30, 2006:

SALT LAKE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

| | General Fund |
|------------|---------------------|
| 2007 | \$ 41,926 |
| 2008 | 41,926 |
| 2009 | 41,926 |
| 2010 | 41,926 |
| 2011 | 41,926 |
| 2012-2016 | 209,630 |
| 2017-2021 | 209,630 |
| 2022-2026 | 209,630 |
| 2027-2031 | 209,630 |
| 2032-2036 | 209,630 |
| Thereafter | 1,551,262 |
| Total | <u>\$ 2,809,042</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, 2004 resulted in the changes shown in the table on the following page:

| | Beginning of fiscal year liability | Current year claims and changes in estimates | Claim payments | Balance at fiscal year end |
|-----------|--|---|-------------------|----------------------------------|
| 2004-2005 | \$2,025,000 | \$ 810,686 | \$ (846,686) | \$ 1,989,000 |
| 2005-2006 | \$1,989,000 | \$ 357,731 | \$ (425,731) | \$ 1,921,000 |

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 enterprise fund that 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) is the Stormwater Utility fund. The key financial data for the year ended June 30, 2006 for the fund are on the following page.

SALT LAKE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

| | Stormwater Utility |
|--|-----------------------|
| Operating revenue | \$ 5,340,616 |
| Operating expenses: | |
| Depreciation and amortization | 1,724,324 |
| Other | 2,717,474 |
| Total operating expenses | 4,441,798 |
| Operating income | \$ 898,818 |
| Net transfers out | \$ (1,214) |
| Net asset increase | 3,392,284 |
| Grants and contributions | 1,978,997 |
| Total assets | 93,288,035 |
| Long term liabilities | 7,354,595 |
| Net Assets | 84,301,783 |
| Acquisitions of property and equipment | 10,797,065 |
| Disposal proceeds of property and equipment | 65,007 |
| Net working capital | 6,317,495 |

Condensed statement of cash flows for the Stormwater Utility fund is as follows page:

| | Stormwater Utility |
|---|-----------------------|
| Cash flows from: | |
| Operating activities | \$ 2,804,525 |
| Non-capital and related financing activities | (1,214) |
| Capital and related financing activities | (9,339,894) |
| Investing activities | 421,392 |
| Net increase in cash and cash equivalents | (6,115,191) |
| Cash and cash equivalents-begin | 16,628,358 |
| Cash and cash equivalents-end | \$10,513,167 |

17. Related Party Transactions

During the year ended June 30, 2006, the Water Utility Fund (an enterprise fund) paid \$8,058,034 for water purchased from the Metropolitan Water District of Salt Lake City and Sandy, 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, 2006, was \$21,612,053. This equity interest is shown in the City's Refuse Collection Fund (an enterprise fund).

SALT LAKE CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

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, 2006, the City paid the landfill approximately \$1,719,000 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.

19. Change in Accounting Policy

Effective July 1, 2005, the Housing Loans Fund, previously reported as a special revenue governmental fund is now presented as an enterprise fund. The effect of this change is to increase net assets at July 1, 2005 in the Proprietary Funds and Business-type activities by \$20,584,904. The change also decreased fund balance and net assets at July 1, 2005 in the Governmental Funds and Governmental Activities by \$20,584,904. For the year ended June 30, 2006, the effect of this policy change is to increase the change in net assets by \$13,313,696 in the Proprietary Funds and Business-type Activities. For the Governmental Funds and Governmental Activities, the policy change decreased the change in fund balance and net assets by \$13,881,108 and \$13,313,696, respectively.

20. Subsequent Events

Subsequent to June 30, 2006 the following commitments for major projects were made:

| | |
|-----------------------|---------------------|
| General Fund | \$ 143,000 |
| Special revenue funds | 2,980,000 |
| Capital Projects Fund | 2,552,000 |
| Proprietary funds | 3,568,000 |
| Total | <u>\$ 9,243,000</u> |

The following event occurred subsequent to June 30, 2006:

The City issued \$20,000,000 of tax anticipation notes maturing June 29, 2007. These notes bear interest at 4.50%. The notes were sold to provide operating cash in the General Fund until December, 2006, at which time a large percentage of property taxes would be received.

Required Supplementary Information

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year ended June 30, 2006

| General Fund | | | | | | |
|---|------------------------|--|---|--------------------|-----------------|---------------|
| | Actual (GAAP basis) | Adjustment to budgetary basis (Note to RSI 1) | Actual on budgetary basis (non-GAAP) | Budgeted Amounts | | Variance |
| | | | | Original Budget | Final Budget | |
| Revenues: | | | | | | |
| General property taxes | \$ 63,305,389 | \$ - | \$ 63,305,389 | \$ 64,017,229 | \$ 64,017,229 | \$ (711,840) |
| Sales, use and excise taxes | 47,112,848 | - | 47,112,848 | 42,575,972 | 42,575,979 | 4,536,869 |
| Franchise taxes | 23,929,112 | - | 23,929,112 | 22,956,972 | 22,956,972 | 972,140 |
| Licenses | 5,778,560 | - | 5,778,560 | 5,528,338 | 5,528,338 | 250,222 |
| Permits | 7,293,312 | - | 7,293,312 | 4,641,477 | 4,641,477 | 2,651,835 |
| Fines and forfeitures | 6,256,430 | - | 6,256,430 | 5,299,300 | 5,299,300 | 957,130 |
| Interest | 3,468,103 | - | 3,468,103 | 2,235,575 | 2,235,575 | 1,232,528 |
| Intergovernmental | 4,146,447 | - | 4,146,447 | 4,427,960 | 4,427,960 | (281,513) |
| Interfund service charges | 8,863,782 | - | 8,863,782 | 9,204,605 | 9,266,165 | (402,383) |
| Parking meter | 1,453,619 | - | 1,453,619 | 1,493,000 | 1,493,000 | (39,381) |
| Parking ticket | 3,135,240 | - | 3,135,240 | 3,650,000 | 3,650,000 | (514,760) |
| Charges for services | 3,471,720 | - | 3,471,720 | 3,127,960 | 3,178,460 | 293,260 |
| Contributions | 19,134 | - | 19,134 | 88,900 | 118,900 | (99,766) |
| Miscellaneous | 599,938 | - | 599,938 | 355,663 | 720,088 | (120,150) |
| Total revenues | 178,833,634 | - | 178,833,634 | 169,602,951 | 170,109,443 | 8,724,191 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| City Council | 1,519,339 | 476,735 | 1,996,074 | 1,550,473 | 2,018,756 | 22,682 |
| Mayor | 1,557,688 | 44,742 | 1,602,430 | 1,566,133 | 1,603,110 | 680 |
| City Attorney | 3,285,362 | 3,407 | 3,288,769 | 3,475,240 | 3,492,069 | 203,300 |
| Management Services | 9,571,631 | 211,125 | 9,782,756 | 9,634,521 | 9,897,571 | 114,815 |
| Fire | 29,154,366 | (6,017) | 29,148,349 | 28,696,411 | 29,180,630 | 32,281 |
| Police | 47,154,868 | 40,361 | 47,195,229 | 47,128,460 | 47,654,053 | 458,824 |
| Community and Economic Development | 7,985,677 | 374,778 | 8,360,455 | 8,304,682 | 8,747,890 | 387,435 |
| Public Services | 34,912,298 | 1,340,744 | 36,253,042 | 34,609,623 | 36,434,104 | 181,062 |
| Nondepartmental | 12,725,490 | 40,000 | 12,765,490 | 12,418,984 | 12,677,884 | (87,606) |
| Total expenditures | 147,866,719 | 2,525,875 | 150,392,594 | 147,384,527 | 151,706,067 | 1,313,473 |
| Revenues over (under) expenditures | 30,966,915 | (2,525,875) | 28,441,040 | 22,218,424 | 18,403,376 | 10,037,664 |
| Other financing sources (uses): | | | | | | |
| Proceeds from sale of property | 423,507 | - | 423,507 | 297,107 | 297,100 | 126,407 |
| Transfers in | 2,056,962 | - | 2,056,962 | 1,950,300 | 2,018,504 | 38,458 |
| Transfers out | (31,025,993) | - | (31,025,993) | (25,353,130) | (32,545,130) | 1,519,137 |
| Total other financing sources (uses): | (28,545,524) | - | (28,545,524) | (23,105,723) | (30,229,526) | 1,684,002 |
| Net Change in Fund Balance | 2,421,391 | (2,525,875) | (104,484) | (887,299) | (11,826,150) | 11,721,666 |
| Fund balance July 1, 2005 | 29,158,152 | (477,563) | 28,680,589 | 28,680,589 | 28,680,589 | - |
| Prior year encumbrances appropriated in current year | - | 2,526,885 | 2,526,885 | 2,526,885 | 2,526,885 | - |
| Fund balance June 30, 2006 | \$ 31,579,543 | \$ (476,553) | \$ 31,102,990 | \$ 30,320,175 | \$ 19,381,324 | \$ 11,721,666 |

See note to Required Supplementary Information.

Note to Required Supplementary Information

SALT LAKE CITY CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2006

1. Budgetary-GAAP Reporting Reconciliation

The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed revenues and appropriated fund balance. During the year ended June 30, 2006, General Fund appropriations increased by \$11,514,000. The increases are the results of additional amounts for prior year outstanding encumbrances, two large General Fund funded capital improvement projects, increased street lighting costs, added public safety (police and fire) costs, and increases in the price of fuel and utilities.

The Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual include comparisons of the legally adopted budget (more fully described in Note 1 of the Notes to the Financial Statements) with actual data on a budgetary basis for the General Fund and proprietary funds that have a budgetary basis that differs from GAAP. Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with GAAP. The difference in expenditures between GAAP and budgetary basis for the General Fund is reconciled in the following table.

| | General Fund Expenditures | | | |
|---------------------------------------|---------------------------------|--|---|---------------------------------|
| | Actual on reporting basis | Plus encumbrances as of June 30, 2006 | Change in compensated absences liability | Actual on budgetary basis |
| City Council | \$ 1,519,339 | \$ 480,926 | \$ (4,191) | \$ 1,996,074 |
| Mayor | 1,557,688 | 34,019 | 10,723 | 1,602,430 |
| City Attorney | 3,285,362 | 9,825 | (6,418) | 3,288,769 |
| Management Services | 9,571,631 | 247,276 | (36,151) | 9,782,756 |
| Fire | 29,154,366 | 116,584 | (122,601) | 29,148,349 |
| Police | 47,154,868 | 138,015 | (97,654) | 47,195,229 |
| Community and Economic Development | 7,985,677 | 336,010 | 38,768 | 8,360,455 |
| Public Services | 34,912,298 | 1,415,686 | (74,942) | 36,253,042 |
| Nondepartmental | 12,725,490 | 40,000 | - | 12,765,490 |
| Total expenditures | 147,866,719 | 2,818,341 | (292,466) | 150,392,594 |
| Transfers out | 31,025,993 | - | - | 31,025,993 |
| Total | <u>\$ 178,892,712</u> | <u>\$ 2,818,341</u> | <u>\$ (292,466)</u> | <u>\$ 181,418,587</u> |

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Supplementary Information

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Nonmajor Governmental Funds

Arts Council Fund - To account for activities of the Arts Council and the purchase or construction of art in City owned facilities.

Downtown Economic Development Fund - To account for special assessments which are restricted for downtown projects or improvements.

Community Development Operating Fund - To account for monies received by the City as grantee participant in the Community Development Block Grant (CDBG) program, except for CDBG monies to be used for capital improvements which are accounted for in the Capital Projects Fund.

Grants Operating Fund - To account for monies received by the City under the Comprehensive Community Program, Community Oriented Policing Services, Home Program, Emergency Medical Services, Emergency Shelter Grants, Local Law Enforcement Block Grants, Salt Lake Area Gang Projects, Historic Resource Grants, and other studies and grants.

Street Lighting Fund - To account for the operation of additional street lights, the cost of which is paid by the City and by property owners who benefit from these improvements.

Demolition, Weed and Forfeiture Fund - To account for City mandated demolition, weed abatement activities and certain police forfeiture activities.

Emergency 911 Dispatch Fund - To account for the City's portion of the County-wide emergency dispatch system.

Salt Lake Donation Fund - This fund was established to account for individual private and intergovernmental contributions held in trust by the City for the Tracy Aviary, Late Night Basketball, Bicycle Advisory Committee, Freedom Trail, Indigent Services, and other contributions received to be held for a specific purpose

Special Improvement Fund - This fund is used to account for the cost of servicing the debt created by financing the construction of public improvements deemed to benefit the properties against which special assessments are levied.

Other Improvements Fund - This fund is used to account for the cost of servicing the debt created by financing projects other than Special Improvements.

SALT LAKE CITY CORPORATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

| | Special Revenue Funds | Debt Service Funds | Total Nonmajor Governmental Funds |
|--|-----------------------------|--------------------------|--|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 16,630,666 | \$ 1,023,635 | \$ 17,654,301 |
| Assessments, including \$277,275 of delinquent assessments | 191,365 | 1,320,092 | 1,511,457 |
| Taxes receivable | 297,410 | - | 297,410 |
| Loans and notes receivable, less allowance for doubtful accounts of \$4,000,000 | 5,055,630 | - | 5,055,630 |
| Due from other governments | 1,941,252 | - | 1,941,252 |
| Other receivables | 150,826 | 422,634 | 573,460 |
| Restricted assets: | | | |
| Cash and cash equivalents | 338,774 | 528,366 | 867,140 |
| Total assets | <u>\$ 24,605,923</u> | <u>\$ 3,294,727</u> | <u>\$ 27,900,650</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 791,319 | \$ 11,100 | \$ 802,419 |
| Accrued liabilities | 165,919 | - | 165,919 |
| Other liabilities payable from restricted assets | 338,774 | - | 338,774 |
| Deferred revenue | 350,784 | 1,742,726 | 2,093,510 |
| Total liabilities | <u>1,646,796</u> | <u>1,753,826</u> | <u>3,400,622</u> |
| Fund balances: | | | |
| Reserved for loans and advances | 5,107,124 | - | 5,107,124 |
| Reserved for restricted assets | - | 528,366 | 528,366 |
| Unreserved and undesignated | 17,852,003 | 1,012,535 | 18,864,538 |
| Total fund balances | <u>22,959,127</u> | <u>1,540,901</u> | <u>24,500,028</u> |
| Total liabilities and fund balance | <u>\$ 24,605,923</u> | <u>\$ 3,294,727</u> | <u>\$ 27,900,650</u> |

SALT LAKE CITY CORPORATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year ended June 30, 2006

| | Special Revenue Funds | Debt Service Funds | Total Nonmajor Governmental Funds |
|---------------------------------------|-----------------------------|--------------------------|--|
| Revenues: | | | |
| Sales, use and excise taxes | \$ 1,820,324 | \$ - | \$ 1,820,324 |
| Assessments | 1,035,979 | 273,016 | 1,308,995 |
| Fines and forfeitures | 11,969 | - | 11,969 |
| Interest | 777,333 | 104,656 | 881,989 |
| Intergovernmental | 10,458,362 | 509,743 | 10,968,105 |
| Charges for services | 102,163 | - | 102,163 |
| Contributions | 3,062,544 | - | 3,062,544 |
| Miscellaneous | 741,259 | 1,937,619 | 2,678,878 |
| Total revenues | <u>18,009,933</u> | <u>2,825,034</u> | <u>20,834,967</u> |
| Expenditures: | | | |
| Management Services | - | 17,497 | 17,497 |
| Police | 557,385 | - | 557,385 |
| Community and Economic Development | 10,187,834 | - | 10,187,834 |
| Public Services | 1,871,594 | - | 1,871,594 |
| Arts Council Services | 1,225,725 | - | 1,225,725 |
| Debt Service: | | | |
| Principal | - | 9,981,000 | 9,981,000 |
| Interest and other fiscal charges | - | 7,187,940 | 7,187,940 |
| Total expenditures | <u>13,842,538</u> | <u>17,186,437</u> | <u>31,028,975</u> |
| Revenues over (under) expenditures | <u>4,167,395</u> | <u>(14,361,403)</u> | <u>(10,194,008)</u> |
| Other financing sources (uses): | | | |
| Transfers in | 1,740,192 | 14,528,970 | 16,269,162 |
| Transfers out | (16,167,512) | (50,000) | (16,217,512) |
| Total other financing sources (uses): | <u>(14,427,320)</u> | <u>14,478,970</u> | <u>51,650</u> |
| Net change in fund balance | (10,259,925) | 117,567 | (10,142,358) |
| Fund balance July 1, 2005 | <u>33,219,052</u> | <u>1,423,334</u> | <u>34,642,386</u> |
| Fund balance June 30, 2006 | <u>\$ 22,959,127</u> | <u>\$ 1,540,901</u> | <u>\$ 24,500,028</u> |

SALT LAKE CITY CORPORATION
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2006

| <u>ASSETS</u> | <u>Arts Council</u> | <u>Downtown Economic Development</u> | <u>Community Development Operating</u> |
|--|-------------------------|--|--|
| Cash and cash equivalents | \$ 67,573 | \$ 162,435 | \$ 14,433 |
| Assessments receivable | - | 32,092 | - |
| Taxes receivable | - | - | - |
| Loans and notes receivable, less allowance for doubtful accounts of \$4,000,000 | - | - | - |
| Due from other governments | - | - | 1,199,559 |
| Other receivables | 150,826 | - | - |
| Restricted assets: | | | |
| Cash and cash equivalents | - | - | - |
| Total assets | <u>\$ 218,399</u> | <u>\$ 194,527</u> | <u>\$ 1,213,992</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 31,239 | \$ - | \$ 107,196 |
| Accrued liabilities | 68,455 | - | - |
| Other liabilities payable from restricted assets | - | - | - |
| Deferred revenue | 53,074 | 32,092 | - |
| Total liabilities | <u>152,768</u> | <u>32,092</u> | <u>107,196</u> |
| Fund balances: | | | |
| Reserved for loans and advances | 51,494 | - | - |
| Unreserved and undesignated | 14,137 | 162,435 | 1,106,796 |
| Total fund balances | <u>65,631</u> | <u>162,435</u> | <u>1,106,796</u> |
| Total liabilities and fund balance | <u>\$ 218,399</u> | <u>\$ 194,527</u> | <u>\$ 1,213,992</u> |

| Grants Operating | Street Lighting | Demolition, Weed and Forfeiture | Emergency 911 Dispatch | Salt Lake City Donations Fund | Nonmajor Special Revenue Total |
|----------------------|---------------------|---------------------------------------|------------------------------|-------------------------------------|---|
| \$ 5,146,871 | \$ 1,554,762 | \$ 1,138,582 | \$ 2,397,273 | \$ 6,148,737 | \$ 16,630,666 |
| - | 155,618 | - | 3,655 | - | 191,365 |
| - | - | - | 297,410 | - | 297,410 |
| 5,055,630 | - | - | - | - | 5,055,630 |
| 741,693 | - | - | - | - | 1,941,252 |
| - | - | - | - | - | 150,826 |
| - | - | 338,774 | - | - | 338,774 |
| <u>\$ 10,944,194</u> | <u>\$ 1,710,380</u> | <u>\$ 1,477,356</u> | <u>\$ 2,698,338</u> | <u>\$ 6,148,737</u> | <u>\$ 24,605,923</u> |
| | | | | | |
| \$ 130,380 | \$ 5,764 | \$ 10,788 | \$ 362,980 | \$ 142,972 | \$ 791,319 |
| 96,512 | - | 952 | - | - | 165,919 |
| - | - | 338,774 | - | - | 338,774 |
| 110,000 | 155,618 | - | - | - | 350,784 |
| <u>336,892</u> | <u>161,382</u> | <u>350,514</u> | <u>362,980</u> | <u>142,972</u> | <u>1,646,796</u> |
| 5,055,630 | - | - | - | - | 5,107,124 |
| 5,551,672 | 1,548,998 | 1,126,842 | 2,335,358 | 6,005,765 | 17,852,003 |
| <u>10,607,302</u> | <u>1,548,998</u> | <u>1,126,842</u> | <u>2,335,358</u> | <u>6,005,765</u> | <u>22,959,127</u> |
| <u>\$ 10,944,194</u> | <u>\$ 1,710,380</u> | <u>\$ 1,477,356</u> | <u>\$ 2,698,338</u> | <u>\$ 6,148,737</u> | <u>\$ 24,605,923</u> |

SALT LAKE CITY CORPORATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 Year ended June 30, 2006

| | Arts Council | Downtown Economic Development | Community Development Operating |
|---------------------------------------|------------------|-------------------------------------|---------------------------------------|
| Revenues: | | | |
| Sales, use and excise taxes | \$ - | \$ - | \$ - |
| Assessments | - | 657,192 | - |
| Fines and forfeitures | - | - | - |
| Interest | 2,512 | 173 | - |
| Intergovernmental | - | - | 3,964,569 |
| Charges for services | - | - | - |
| Contributions | 1,178,910 | - | - |
| Miscellaneous | - | - | - |
| | <u>1,181,422</u> | <u>657,365</u> | <u>3,964,569</u> |
| Total revenues | | | |
| | <u>1,181,422</u> | <u>657,365</u> | <u>3,964,569</u> |
| Expenditures: | | | |
| Police | - | - | - |
| Community and Economic Development | - | 700,000 | 2,989,373 |
| Public Services | - | - | - |
| Arts Council Services | 1,225,725 | - | - |
| | <u>1,225,725</u> | <u>700,000</u> | <u>2,989,373</u> |
| Total expenditures | | | |
| | <u>1,225,725</u> | <u>700,000</u> | <u>2,989,373</u> |
| Revenues over (under) expenditures | <u>(44,303)</u> | <u>(42,635)</u> | <u>975,196</u> |
| Other financing sources (uses): | | | |
| Transfers in | - | - | 1,486,927 |
| Transfers out | - | - | (2,041,423) |
| | <u>-</u> | <u>-</u> | <u>(554,496)</u> |
| Total other financing sources (uses): | | | |
| | <u>-</u> | <u>-</u> | <u>(554,496)</u> |
| Net change in fund balance | (44,303) | (42,635) | 420,700 |
| Fund balance July 1, 2005 | <u>109,934</u> | <u>205,070</u> | <u>686,096</u> |
| Fund balance June 30, 2006 | <u>\$ 65,631</u> | <u>\$ 162,435</u> | <u>\$ 1,106,796</u> |

| Grants Operating | Street Lighting | Demolition, Weed and Forfeiture | Emergency 911 Dispatch | Salt Lake City Donation Fund | Nonmajor Special Revenue Total |
|----------------------|---------------------|---------------------------------------|------------------------------|------------------------------------|---|
| \$ - | \$ - | \$ - | \$ 1,820,324 | \$ - | \$ 1,820,324 |
| - | 375,529 | 3,258 | - | - | 1,035,979 |
| - | - | 11,969 | - | - | 11,969 |
| 366,663 | 64,347 | 22,372 | 89,865 | 231,401 | 777,333 |
| 6,493,793 | - | - | - | - | 10,458,362 |
| 48,941 | - | 43,222 | - | 10,000 | 102,163 |
| - | - | - | - | 1,883,634 | 3,062,544 |
| 432,493 | 60 | 287,918 | - | 20,788 | 741,259 |
| <u>7,341,890</u> | <u>439,936</u> | <u>368,739</u> | <u>1,910,189</u> | <u>2,145,823</u> | <u>18,009,933</u> |
| - | - | - | 557,385 | - | 557,385 |
| 6,301,401 | - | 197,060 | - | - | 10,187,834 |
| - | 556,902 | - | - | 1,314,692 | 1,871,594 |
| - | - | - | - | - | 1,225,725 |
| <u>6,301,401</u> | <u>556,902</u> | <u>197,060</u> | <u>557,385</u> | <u>1,314,692</u> | <u>13,842,538</u> |
| <u>1,040,489</u> | <u>(116,966)</u> | <u>171,679</u> | <u>1,352,804</u> | <u>831,131</u> | <u>4,167,395</u> |
| 20,000 | 206,765 | 26,500 | - | - | 1,740,192 |
| (12,301,224) | (32,204) | - | (1,459,368) | (333,293) | (16,167,512) |
| <u>(12,281,224)</u> | <u>174,561</u> | <u>26,500</u> | <u>(1,459,368)</u> | <u>(333,293)</u> | <u>(14,427,320)</u> |
| (11,240,735) | 57,595 | 198,179 | (106,564) | 497,838 | (10,259,925) |
| <u>21,848,037</u> | <u>1,491,403</u> | <u>928,663</u> | <u>2,441,922</u> | <u>5,507,927</u> | <u>33,219,052</u> |
| <u>\$ 10,607,302</u> | <u>\$ 1,548,998</u> | <u>\$ 1,126,842</u> | <u>\$ 2,335,358</u> | <u>\$ 6,005,765</u> | <u>\$ 22,959,127</u> |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
ARTS COUNCIL
Year ended June 30, 2006

| | Actual (GAAP basis) | Budgeted Amounts | | Variance |
|----------------------------|------------------------|-------------------|-------------------|--------------------|
| | | Original | Final | |
| Revenues: | | | | |
| Interest | \$ 2,512 | \$ 4,000 | 2,000 | \$ 512 |
| Contributions | <u>1,178,910</u> | <u>978,300</u> | <u>1,182,550</u> | <u>(3,640)</u> |
| Total revenues | <u>1,181,422</u> | <u>982,300</u> | <u>1,184,550</u> | <u>(3,128)</u> |
| Expenditures: | | | | |
| Arts Council | <u>1,225,725</u> | <u>982,300</u> | <u>1,179,475</u> | <u>(46,250)</u> |
| Total expenditures | <u>1,225,725</u> | <u>982,300</u> | <u>1,179,475</u> | <u>(46,250)</u> |
| Net change in fund balance | <u>(44,303)</u> | <u>-</u> | <u>5,075</u> | <u>(49,378)</u> |
| Fund balance July 1, 2005 | <u>109,934</u> | <u>109,934</u> | <u>109,934</u> | <u>-</u> |
| Fund balance June 30, 2006 | <u>\$ 65,631</u> | <u>\$ 109,934</u> | <u>\$ 115,009</u> | <u>\$ (49,378)</u> |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
DOWNTOWN ECONOMIC DEVELOPMENT
Year ended June 30, 2006

| | Actual | Budgeted Amounts | | |
|------------------------------------|--------------|------------------|------------|-------------|
| | (GAAP basis) | Original | Final | Variance |
| Revenues: | | | | |
| Assessments | \$ 657,192 | \$ 700,000 | \$ 700,000 | \$ (42,808) |
| Interest | 173 | - | - | 173 |
| Total revenues | 657,365 | 700,000 | 700,000 | (42,635) |
| Expenditures: | | | | |
| Community and Economic Development | 700,000 | 700,000 | 700,000 | - |
| Total expenditures | 700,000 | 700,000 | 700,000 | - |
| Revenues under expenditures | (42,635) | - | - | (42,635) |
| Net change in fund balance | (42,635) | - | - | (42,635) |
| Fund balance July 1, 2005 | 205,070 | 205,070 | 205,070 | - |
| Fund balance June 30, 2006 | \$ 162,435 | \$ 205,070 | \$ 205,070 | \$ (42,635) |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT OPERATING FUND
Year ended June 30, 2006

| | Actual (GAAP basis) | Budgeted Amounts | | |
|---------------------------------------|------------------------|-------------------|-------------------|--------------------|
| | | Original | Final | Variance |
| Revenues: | | | | |
| Intergovernmental | \$ 3,964,569 | \$ 3,273,487 | \$ 7,235,181 | \$ (3,270,612) |
| Total revenues | <u>3,964,569</u> | <u>3,273,487</u> | <u>7,235,181</u> | <u>(3,270,612)</u> |
| Expenditures: | | | | |
| Community and Economic Development | <u>2,989,373</u> | <u>3,333,487</u> | <u>6,748,114</u> | <u>3,758,741</u> |
| Total expenditures | <u>2,989,373</u> | <u>3,333,487</u> | <u>6,748,114</u> | <u>3,758,741</u> |
| Revenues under expenditures | <u>975,196</u> | <u>(60,000)</u> | <u>487,067</u> | <u>488,129</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 1,486,927 | - | - | 1,486,927 |
| Transfers out | <u>(2,041,423)</u> | <u>-</u> | <u>(487,067)</u> | <u>(1,554,356)</u> |
| Total other financing sources: | <u>(554,496)</u> | <u>-</u> | <u>(487,067)</u> | <u>(67,429)</u> |
| Net change in fund balance | 420,700 | (60,000) | - | 420,700 |
| Fund balance July 1, 2005 | <u>686,096</u> | <u>686,096</u> | <u>686,096</u> | <u>-</u> |
| Fund balance June 30, 2006 | <u>\$ 1,106,796</u> | <u>\$ 626,096</u> | <u>\$ 686,096</u> | <u>\$ 420,700</u> |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
GRANTS OPERATING FUND
Year ended June 30, 2006

| | Actual (GAAP basis) | Budgeted Amounts | | Variance |
|---------------------------------------|------------------------|----------------------|----------------------|-----------------------|
| | | Original | Final | |
| Revenues: | | | | |
| Interest | \$ 366,663 | \$ - | \$ - | \$ 366,663 |
| Intergovernmental | 6,493,793 | 6,091,585 | 20,960,530 | (14,466,737) |
| Charges for services | 48,941 | - | - | 48,941 |
| Contributions | - | - | 3,500 | (3,500) |
| Miscellaneous | 432,493 | - | 825,205 | (392,712) |
| Total revenues | <u>7,341,890</u> | <u>6,091,585</u> | <u>21,789,235</u> | <u>(14,447,345)</u> |
| Expenditures: | | | | |
| Community and Economic Development | <u>6,301,401</u> | <u>6,091,585</u> | <u>19,479,004</u> | <u>13,177,603</u> |
| Total expenditures | <u>6,301,401</u> | <u>6,091,585</u> | <u>19,479,004</u> | <u>13,177,603</u> |
| Revenues over (under) expenditures | <u>1,040,489</u> | <u>-</u> | <u>2,310,231</u> | <u>(1,269,742)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 20,000 | - | - | 20,000 |
| Transfers out | <u>(12,301,224)</u> | <u>-</u> | <u>(8,843,025)</u> | <u>(3,458,199)</u> |
| Total other financing sources (uses): | <u>(12,281,224)</u> | <u>-</u> | <u>(8,843,025)</u> | <u>(3,438,199)</u> |
| Net change in fund balance | (11,240,735) | - | (6,532,794) | (4,707,941) |
| Fund balance July 1, 2005 | <u>21,848,037</u> | <u>21,848,037</u> | <u>21,848,037</u> | <u>-</u> |
| Fund balance June 30, 2006 | <u>\$ 10,607,302</u> | <u>\$ 21,848,037</u> | <u>\$ 15,315,243</u> | <u>\$ (4,707,941)</u> |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING
Year ended June 30, 2006

| | Actual (GAAP basis) | Budgeted Amounts | | Variance |
|------------------------------------|------------------------|------------------|--------------|--------------|
| | | Original | Final | |
| Revenues: | | | | |
| Assessments | \$ 375,529 | \$ 374,340 | \$ 378,336 | \$ (2,807) |
| Interest | 64,347 | - | - | 64,347 |
| Miscellaneous | 60 | - | - | 60 |
| Total revenues | 439,936 | 374,340 | 378,336 | 61,600 |
| Expenditures: | | | | |
| Public Services | 556,902 | 2,227,122 | 2,227,122 | 1,670,220 |
| Total expenditures | 556,902 | 2,227,122 | 2,227,122 | 1,670,220 |
| Revenues over (under) expenditures | (116,966) | (1,852,782) | (1,848,786) | 1,731,820 |
| Other financing sources: | | | | |
| Transfers in | 206,765 | 124,783 | 120,787 | 85,978 |
| Transfers out | (32,204) | - | (32,204) | - |
| Total other financing sources: | 174,561 | 124,783 | 88,583 | 85,978 |
| Net change in fund balance | 57,595 | (1,727,999) | (1,760,203) | 1,817,798 |
| Fund balance July 1, 2005 | 1,491,403 | 1,491,403 | 1,491,403 | - |
| Fund balance June 30, 2006 | \$ 1,548,998 | \$ (236,596) | \$ (268,800) | \$ 1,817,798 |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
DEMOLITION, WEED AND FORFEITURE
Year ended June 30, 2006

| | Actual (GAAP basis) | Budgeted Amounts | | Variance |
|------------------------------------|------------------------|------------------|------------|--------------|
| | | Original | Final | |
| Revenues: | | | | |
| Assessments | \$ 3,258 | \$ - | \$ - | \$ 3,258 |
| Fines and forfeitures | 11,969 | - | 158,010 | \$ (146,041) |
| Interest | 22,372 | - | - | 22,372 |
| Charges for services | 43,222 | - | - | 43,222 |
| Miscellaneous | 287,918 | - | 489,320 | (201,402) |
| Total revenues | 368,739 | - | 647,330 | (278,591) |
| Expenditures: | | | | |
| Community and Economic Development | 197,060 | 153,000 | 1,188,738 | 991,678 |
| Total expenditures | 197,060 | 153,000 | 1,188,738 | 991,678 |
| Revenues over (under) expenditures | 171,679 | (153,000) | (541,408) | 713,087 |
| Other financing sources: | | | | |
| Transfers in | 26,500 | 26,500 | 26,500 | - |
| Total other financing sources: | 26,500 | 26,500 | 26,500 | - |
| Net change in fund balance | 198,179 | (126,500) | (514,908) | 713,087 |
| Fund balance July 1, 2005 | 928,663 | 928,663 | 928,663 | - |
| Fund balance June 30, 2006 | \$ 1,126,842 | \$ 802,163 | \$ 413,755 | \$ 713,087 |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
EMERGENCY 911 DISPATCH
Year ended June 30, 2006

| | Actual (GAAP basis) | Budgeted Amounts | | Variance |
|-----------------------------|------------------------|---------------------|---------------------|---------------------|
| | | Original | Final | |
| Revenues: | | | | |
| Sales, use and excise taxes | \$ 1,820,324 | \$ 2,170,000 | \$ 2,170,000 | \$ (349,676) |
| Interest | 89,865 | 46,000 | 46,000 | 43,865 |
| Total revenues | <u>1,910,189</u> | <u>2,216,000</u> | <u>2,216,000</u> | <u>(305,811)</u> |
| Expenditures: | | | | |
| Police | <u>557,385</u> | <u>593,100</u> | <u>743,100</u> | <u>185,715</u> |
| Total expenditures | <u>557,385</u> | <u>593,100</u> | <u>743,100</u> | <u>185,715</u> |
| Revenues over expenditures | <u>1,352,804</u> | <u>1,622,900</u> | <u>1,472,900</u> | <u>(120,096)</u> |
| Other financing uses | | | | |
| Transfers out | <u>(1,459,368)</u> | <u>(1,462,000)</u> | <u>(1,462,000)</u> | <u>2,632</u> |
| Total other financing uses | <u>(1,459,368)</u> | <u>(1,462,000)</u> | <u>(1,462,000)</u> | <u>2,632</u> |
| Net change in fund balance | (106,564) | 160,900 | 10,900 | (117,464) |
| Fund balance July 1, 2005 | <u>2,441,922</u> | <u>2,441,922</u> | <u>2,441,922</u> | <u>-</u> |
| Fund balance June 30, 2006 | <u>\$ 2,335,358</u> | <u>\$ 2,602,822</u> | <u>\$ 2,452,822</u> | <u>\$ (117,464)</u> |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
SALT LAKE CITY DONATION FUND
Year ended June 30, 2006

| | Actual (GAAP basis) | Budgeted Amounts | | |
|------------------------------------|------------------------|------------------|--------------|------------|
| | | Original | Final | Variance |
| Revenues: | | | | |
| Interest | \$ 231,401 | \$ - | \$ - | \$ 231,401 |
| Charges for services | 10,000 | - | - | 10,000 |
| Contributions | 1,883,634 | 400,000 | 2,398,508 | (514,874) |
| Miscellaneous | 20,788 | - | - | 20,788 |
| Total revenues | 2,145,823 | 400,000 | 2,398,508 | (252,685) |
| Expenditures: | | | | |
| Public Services | 1,314,692 | 400,000 | 2,847,754 | 1,533,062 |
| Total expenditures | 1,314,692 | 400,000 | 2,847,754 | 1,533,062 |
| Revenues over (under) expenditures | 831,131 | - | (449,246) | 1,280,377 |
| Other financing sources: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (333,293) | - | - | (333,293) |
| Total other financing sources: | (333,293) | - | - | (333,293) |
| Net change in fund balance | 497,838 | - | (449,246) | 947,084 |
| Fund balance July 1, 2005 | 5,507,927 | 5,507,927 | 5,507,927 | - |
| Fund balance June 30, 2006 | \$ 6,005,765 | \$ 5,507,927 | \$ 5,058,681 | \$ 947,084 |

SALT LAKE CITY CORPORATION
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
June 30, 2006

| <u>ASSETS</u> | Special Improvement | Other Improvement | Debt Service Total |
|--|------------------------|----------------------|--------------------------|
| Cash and cash equivalents | \$ 725,012 | \$ 298,623 | \$ 1,023,635 |
| Assessments, including \$221,501 of delinquent assessments | 1,320,092 | - | 1,320,092 |
| Other receivables | 422,634 | - | 422,634 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 528,366 | 528,366 |
| Total assets | <u>\$ 2,467,738</u> | <u>\$ 826,989</u> | <u>\$ 3,294,727</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 11,100 | \$ 11,100 |
| Deferred revenue | 1,742,726 | - | 1,742,726 |
| Total liabilities | <u>1,742,726</u> | <u>11,100</u> | <u>1,753,826</u> |
| Fund balances: | | | |
| Reserved for restricted assets | - | 528,366 | 528,366 |
| Unreserved and undesignated | 725,012 | 287,523 | 1,012,535 |
| Total fund balances | <u>725,012</u> | <u>815,889</u> | <u>1,540,901</u> |
| Total liabilities and fund balance | <u>\$ 2,467,738</u> | <u>\$ 826,989</u> | <u>\$ 3,294,727</u> |

SALT LAKE CITY CORPORATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 Year ended June 30, 2006

| | Special Improvement | Other Improvement | Debt Service Total |
|---------------------------------------|------------------------|----------------------|--------------------------|
| Revenues: | | | |
| Assessments | \$ 273,016 | \$ - | \$ 273,016 |
| Intergovernmental | - | 509,743 | 509,743 |
| Interest | 80,938 | 23,718 | 104,656 |
| Miscellaneous | 6,774 | 1,930,845 | 1,937,619 |
| | <u>360,728</u> | <u>2,464,306</u> | <u>2,825,034</u> |
| Total revenues | | | |
| | <u>360,728</u> | <u>2,464,306</u> | <u>2,825,034</u> |
| Expenditures: | | | |
| Management Services | 5,796 | 11,701 | 17,497 |
| Debt Service: | | | |
| Principal | 311,000 | 9,670,000 | 9,981,000 |
| Interest and other fiscal charges | 47,602 | 7,140,338 | 7,187,940 |
| | <u>364,398</u> | <u>16,822,039</u> | <u>17,186,437</u> |
| Total expenditures | | | |
| | <u>364,398</u> | <u>16,822,039</u> | <u>17,186,437</u> |
| Expenditures under revenues | <u>(3,670)</u> | <u>(14,357,733)</u> | <u>(14,361,403)</u> |
| Other financing sources (uses): | | | |
| Transfers in | - | 14,528,970 | 14,528,970 |
| Transfers out | (50,000) | - | (50,000) |
| | <u>(50,000)</u> | <u>14,528,970</u> | <u>14,478,970</u> |
| Total other financing sources (uses): | | | |
| | <u>(50,000)</u> | <u>14,528,970</u> | <u>14,478,970</u> |
| Net change in fund balance | (53,670) | 171,237 | 117,567 |
| Fund balance July 1, 2005 | 778,682 | 644,652 | 1,423,334 |
| | <u>778,682</u> | <u>644,652</u> | <u>1,423,334</u> |
| Fund balance June 30, 2006 | \$ 725,012 | \$ 815,889 | \$ 1,540,901 |
| | <u>\$ 725,012</u> | <u>\$ 815,889</u> | <u>\$ 1,540,901</u> |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL IMPROVEMENT FUND
Year ended June 30, 2006

| | Actual | Budgeted Amounts | | |
|--------------------------------|--------------|------------------|--------------|----------------|
| | (GAAP basis) | Original | Final | Variance |
| Revenues: | | | | |
| Assessments | \$ 273,016 | \$ 1,680,076 | \$ 1,680,076 | \$ (1,407,060) |
| Interest | 80,938 | 150,000 | 150,000 | (69,062) |
| Miscellaneous | 6,774 | - | - | 6,774 |
| Total revenues | 360,728 | 1,830,076 | 1,830,076 | (1,469,348) |
| Expenditures: | | | | |
| Management Services | 5,796 | 64,100 | 64,100 | 58,304 |
| Debt service: | | | | |
| Principal | 311,000 | 861,000 | 861,000 | 550,000 |
| Interest | 47,602 | 893,169 | 893,169 | 845,567 |
| Total expenditures | 364,398 | 1,818,269 | 1,818,269 | 1,453,871 |
| Other financing sources: | | | | |
| Transfers out | (50,000) | (50,000) | (50,000) | - |
| Total other financing sources: | (50,000) | (50,000) | (50,000) | - |
| Net change in fund balance | (53,670) | (38,193) | (38,193) | (15,477) |
| Fund balance July 1, 2005 | 778,682 | 778,682 | 778,682 | - |
| Fund balance June 30, 2006 | \$ 725,012 | \$ 740,489 | \$ 740,489 | \$ (15,477) |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
OTHER IMPROVEMENT FUND
Year ended June 30, 2006

| | Actual (GAAP basis) | Budgeted Amounts | | Variance |
|--------------------------------|------------------------|------------------|--------------|------------|
| | | Original | Final | |
| Revenues: | | | | |
| Intergovernmental | \$ 509,743 | \$ - | \$ - | \$ 509,743 |
| Interest | 23,718 | - | - | 23,718 |
| Miscellaneous | 1,930,845 | 1,930,695 | 1,930,695 | 150 |
| Total revenues | 2,464,306 | 1,930,695 | 1,930,695 | 533,611 |
| Expenditures: | | | | |
| Management Services | 11,701 | 7,950 | 7,950 | (3,751) |
| Debt service: | | | | |
| Principal | 9,670,000 | 9,670,000 | 9,670,000 | - |
| Interest | 7,140,338 | 7,296,138 | 7,296,138 | 155,800 |
| Total expenditures | 16,822,039 | 16,974,088 | 16,974,088 | 152,049 |
| Revenues under expenditures | (14,357,733) | (15,043,393) | (15,043,393) | 685,660 |
| Other financing sources: | | | | |
| Transfers in | 14,528,970 | 14,523,651 | 14,523,651 | 5,319 |
| Total other financing sources: | 14,528,970 | 14,523,651 | 14,523,651 | 5,319 |
| Net change in fund balance | 171,237 | (519,742) | (519,742) | 690,979 |
| Fund balance July 1, 2005 | 644,652 | 644,652 | 644,652 | - |
| Fund balance June 30, 2006 | \$ 815,889 | \$ 124,910 | \$ 124,910 | \$ 690,979 |

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Major Governmental Funds
– Budgetary Comparison Schedule

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
Year ended June 30, 2006

| | Actual (GAAP basis) | Budgeted Amounts | | Variance |
|---------------------------------------|------------------------|----------------------|---------------------|----------------------|
| | | Original Budget | Final Budget | |
| Revenues: | | | | |
| Permits | \$ 2,646,306 | \$ - | \$ - | \$ 2,646,306 |
| Assessments | 288,162 | - | 4,412,408 | (4,124,246) |
| Interest | 484,252 | - | 207,199 | 277,053 |
| Intergovernmental | 6,060,372 | 5,556,089 | 18,660,410 | (12,600,038) |
| Contributions | - | - | 31,518 | (31,518) |
| Miscellaneous | 47,519 | 450,000 | - | 47,519 |
| Total revenues | <u>9,526,611</u> | <u>6,006,089</u> | <u>23,311,535</u> | <u>(13,784,924)</u> |
| Expenditures: | | | | |
| Capital improvements | <u>33,284,860</u> | <u>19,104,181</u> | <u>88,037,271</u> | <u>54,752,411</u> |
| Total expenditures | <u>33,284,860</u> | <u>19,104,181</u> | <u>88,037,271</u> | <u>54,752,411</u> |
| Revenues under expenditures | <u>(23,758,249)</u> | <u>(13,098,092)</u> | <u>(64,725,736)</u> | <u>40,967,487</u> |
| Other financing sources (uses): | | | | |
| Proceeds from bond issuance | 472,000 | - | 15,600,000 | (15,128,000) |
| Proceeds from sale of property | 155,166 | - | - | 155,166 |
| Transfers in | 32,834,367 | 26,793,974 | 34,724,368 | (1,890,001) |
| Transfers out | (14,769,948) | (14,642,650) | (14,739,086) | (30,862) |
| Total other financing sources (uses): | <u>18,691,585</u> | <u>12,151,324</u> | <u>35,585,282</u> | <u>(16,893,697)</u> |
| Net Change in Fund Balance | (5,066,664) | (946,768) | (29,140,454) | 24,073,790 |
| Fund balance July 1, 2005 | 33,763,990 | 33,763,990 | 33,763,990 | - |
| Fund balance June 30, 2006 | <u>\$ 28,697,326</u> | <u>\$ 32,817,222</u> | <u>\$ 4,623,536</u> | <u>\$ 24,073,790</u> |

Nonmajor Enterprise Funds

Intermodal Hub Fund - This fund is used to account for the activities related to providing transportation facilities for the light rail, bus system (other than the commuter system), passenger light rail and passenger heavy rail.

Storm Water Utility - This fund is used to account for the activities associated with the collection and disposition of storm water runoff.

Refuse Collection Fund - This fund is used to account for the operations and activities related to garbage collection and disposal.

Golf Fund - This fund is used to account for the operation of golf courses for use by the general public.

SALT LAKE CITY CORPORATION
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS
 June 30, 2006

| <u>ASSETS</u> | <u>Intermodal Hub</u> |
|---|---------------------------|
| Current assets: | |
| Cash and cash equivalents | |
| Unrestricted | \$ 956,980 |
| Receivables: | |
| Accounts, less allowance for doubtful accounts of \$178,654 | - |
| Inventory of supplies | - |
| | <u>956,980</u> |
| Total current assets | |
| | <u>956,980</u> |
| Noncurrent Assets: | |
| Restricted cash and cash equivalents | - |
| | <u>-</u> |
| Property and equipment, at cost: | |
| Land and water rights | - |
| Buildings | - |
| Improvements other than buildings | - |
| Machinery and equipment | - |
| Construction in progress | 21,528,929 |
| Accumulated depreciation | - |
| | <u>-</u> |
| Net property and equipment | |
| | <u>21,528,929</u> |
| Bond issue costs, less accumulated amortization of \$4,575 | - |
| Investment in joint venture | - |
| | <u>-</u> |
| Total noncurrent assets | |
| | <u>21,528,929</u> |
| Total assets | |
| | <u>\$ 22,485,909</u> |

| <u>Storm Water Utility</u> | <u>Refuse Collection</u> | <u>Golf</u> | <u>Total</u> |
|--------------------------------|------------------------------|----------------------|-----------------------|
| \$ 7,285,532 | \$ 5,258,736 | \$ 1,138,562 | \$ 14,639,810 |
| 663,620 | 859,758 | 8,603 | 1,531,981 |
| - | - | 444,737 | 444,737 |
| <u>7,949,152</u> | <u>6,118,494</u> | <u>1,591,902</u> | <u>16,616,528</u> |
| 3,227,635 | 600,036 | - | 3,827,671 |
| 1,215,849 | - | 4,977,109 | 6,192,958 |
| 5,139,443 | - | 4,147,475 | 9,286,918 |
| 82,447,912 | - | 9,554,110 | 92,002,022 |
| 2,697,559 | 9,823,525 | 4,848,096 | 17,369,180 |
| 18,582,875 | - | - | 40,111,804 |
| (28,052,830) | (4,743,491) | (7,582,722) | (40,379,043) |
| <u>82,030,808</u> | <u>5,080,034</u> | <u>15,944,068</u> | <u>124,583,839</u> |
| 80,440 | - | - | 80,440 |
| - | 21,612,053 | - | 21,612,053 |
| <u>85,338,883</u> | <u>27,292,123</u> | <u>15,944,068</u> | <u>150,104,003</u> |
| <u>\$ 93,288,035</u> | <u>\$ 33,410,617</u> | <u>\$ 17,535,970</u> | <u>\$ 166,720,531</u> |

SALT LAKE CITY CORPORATION
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS
 June 30, 2006

| <u>LIABILITIES</u> | <u>Intermodal Hub</u> |
|---|---------------------------|
| Current liabilities: | |
| Accounts payable | \$ 307,757 |
| Accrued liabilities | 3,166 |
| Current portion of long-term compensation liability | - |
| Current portion of long-term debt: | |
| Payable from unrestricted assets | - |
| Payable from restricted assets | - |
| Deferred revenue | - |
| Accrued interest, payable from restricted assets | - |
| Current deposits and advance rentals | - |
| | <hr/> |
| Total current liabilities | 310,923 |
| Noncurrent liabilities: | |
| Deposits, advance rentals and long term accruals | - |
| Bonds, mortgages, and notes payable | - |
| Long-term compensation liability | - |
| | <hr/> |
| Total noncurrent liabilities | - |
| | <hr/> |
| Total liabilities | 310,923 |
| | <hr/> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 21,528,929 |
| Restricted for debt service | - |
| Unrestricted | 646,057 |
| | <hr/> |
| Total net assets | 22,174,986 |
| | <hr/> |
| Total liabilities and net assets | \$ 22,485,909 |
| | <hr/> |

| Storm Water Utility | Refuse Collection | Golf | Total |
|------------------------|----------------------|---------------|----------------|
| \$ 1,169,826 | \$ 655,084 | \$ 235,018 | \$ 2,367,685 |
| 55,377 | 93,625 | 152,670 | 304,838 |
| 16,340 | 19,329 | 174,477 | 210,146 |
| 145,600 | 725,022 | 240,151 | 1,110,773 |
| 104,000 | - | - | 104,000 |
| - | 21,468 | - | 21,468 |
| 140,514 | - | - | 140,514 |
| - | - | 251,963 | 251,963 |
| 1,631,657 | 1,514,528 | 1,054,279 | 4,511,387 |
| 17,522 | - | - | 17,522 |
| 7,225,308 | 1,286,248 | 249,520 | 8,761,076 |
| 111,765 | 135,090 | 369,179 | 616,034 |
| 7,354,595 | 1,421,338 | 618,699 | 9,394,632 |
| 8,986,252 | 2,935,866 | 1,672,978 | 13,906,019 |
| 74,636,340 | 3,068,764 | 15,454,397 | 114,688,430 |
| 2,983,121 | - | - | 2,983,121 |
| 6,682,322 | 27,405,987 | 408,595 | 35,142,961 |
| 84,301,783 | 30,474,751 | 15,862,992 | 152,814,512 |
| \$ 93,288,035 | \$ 33,410,617 | \$ 17,535,970 | \$ 166,720,531 |

SALT LAKE CITY CORPORATION
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 Year ended June 30, 2006

| | Intermodal Hub |
|--|-----------------------------|
| | <u> </u> |
| Operating revenue: | |
| Sales and charges for services | \$ - |
| Rental and other | <u>1,877,628</u> |
| Total operating revenue | <u>1,877,628</u> |
| Operating expenses: | |
| Personal services | 93,872 |
| Operating and maintenance | 15,057 |
| Charges and services | 2,007,420 |
| Depreciation and amortization | <u>-</u> |
| Total operating expenses | <u>2,116,349</u> |
| Operating income (loss) | <u>(238,721)</u> |
| Nonoperating revenues (expenses): | |
| Interest income | - |
| Interest expense (net of amount capitalized of \$342,833. | - |
| Equity in joint venture income | - |
| Gain (loss) on disposition of property, equipment and investments | <u>-</u> |
| Total nonoperating revenues (expenses) | <u>-</u> |
| Capital Contributions | |
| Grants and other contributions | <u>-</u> |
| Income before transfers | (238,721) |
| Transfers in | - |
| Transfers out | <u>-</u> |
| Net income (loss) | (238,721) |
| Net Assets July 1, 2005 | <u>22,413,707</u> |
| Net Assets June 30, 2006 | <u><u>\$ 22,174,986</u></u> |

| Storm Water Utility | Refuse Collection | Golf | Total |
|------------------------|----------------------|---------------|----------------|
| \$ 5,329,347 | \$ 7,053,060 | \$ 7,812,459 | \$ 20,194,866 |
| 11,269 | 17,025 | 11,120 | 1,917,042 |
| 5,340,616 | 7,070,085 | 7,823,579 | 22,111,908 |
| 1,357,396 | 1,631,796 | 3,552,781 | 6,635,845 |
| 119,711 | 40,055 | 1,191,816 | 1,366,639 |
| 1,240,367 | 4,205,778 | 2,973,935 | 10,427,500 |
| 1,724,324 | 780,499 | 757,446 | 3,262,269 |
| 4,441,798 | 6,658,128 | 8,475,978 | 21,692,253 |
| 898,818 | 411,957 | (652,399) | 419,655 |
| 421,392 | 213,786 | 40,368 | 675,546 |
| 29,284 | (52,089) | (24,831) | (47,636) |
| - | (4,663,456) | - | (4,663,456) |
| 65,007 | 45,901 | 4,567 | 115,475 |
| 515,683 | (4,455,858) | 20,104 | (3,920,071) |
| 1,978,997 | - | - | 1,978,997 |
| 3,393,498 | (4,043,901) | (632,295) | (1,521,419) |
| - | - | 5,308,617 | 5,308,617 |
| (1,214) | (2,429) | (10,323) | (13,966) |
| 3,392,284 | (4,046,330) | 4,665,999 | 3,773,232 |
| 80,909,499 | 34,521,081 | 11,196,993 | 149,041,280 |
| \$ 84,301,783 | \$ 30,474,751 | \$ 15,862,992 | \$ 152,814,512 |

SALT LAKE CITY CORPORATION
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 Year ended June 30, 2006

| | Intermodal Hub |
|---|-------------------|
| Cash Flows from Operating Activities | |
| Receipts from customers and users | \$ 1,877,628 |
| Payments to suppliers | (1,870,675) |
| Payments to employees | (95,324) |
| | <u>(88,371)</u> |
| Net cash provided by (used in) operating activities | <u>(88,371)</u> |
| Cash flows from noncapital and related financing activities: | |
| Payments received on interfund receivables | - |
| Transfers out | - |
| | <u>-</u> |
| Net cash used in noncapital and related financing activities | <u>-</u> |
| Cash flows from capital and related financing activities: | |
| Proceeds from issuance of debt | |
| (net of discount and issuance costs) | - |
| Proceeds from sale of equipment | - |
| Contributions for aid in construction | - |
| Payment on long-term obligations, net of capitalized interest | - |
| Payments for purchase and construction of fixed assets, including capitalized interest | (744,490) |
| Other receipts | - |
| | <u>-</u> |
| Net cash used in capital and related financing activities | <u>(744,490)</u> |

| Storm Water Utility | Refuse Collection | Golf | Total |
|------------------------|----------------------|----------------|------------------|
| \$ 5,232,108 | \$ 6,933,228 | \$ 7,889,589 | \$ 21,932,553 |
| (1,069,896) | (3,863,065) | (4,208,663) | (11,012,299) |
| (1,357,687) | (1,669,896) | (3,546,461) | (6,669,368) |
| <u>2,804,525</u> | <u>1,400,267</u> | <u>134,465</u> | <u>4,250,886</u> |
| - | - | - | - |
| (1,214) | (2,429) | (10,323) | (13,966) |
| (1,214) | (2,429) | (10,323) | (13,966) |
| - | 1,411,250 | - | 1,411,250 |
| 65,007 | 45,901 | 4,567 | 115,475 |
| 729,506 | - | - | 729,506 |
| (586,833) | (601,613) | (260,256) | (1,448,702) |
| (9,547,574) | (1,326,819) | (7,000) | (11,625,883) |
| - | - | - | - |
| (9,339,894) | (471,281) | (262,689) | (10,818,354) |

-(continued)-

SALT LAKE CITY CORPORATION
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year ended June 30, 2006

| | Intermodal Hub |
|---|-------------------|
| Cash flows from investing activities: | |
| Interest received on investments and loans | \$ - |
| Net cash provided by investing activities | - |
| Net increase (decrease) in cash and cash equivalents | (832,861) |
| Cash and cash equivalents at beginning of year | 1,789,841 |
| Cash and cash equivalents at end of year | \$ 956,980 |
| Cash and cash equivalent components: | |
| Unrestricted | \$ 956,980 |
| Restricted | - |
| Cash and cash equivalents at end of year | \$ 956,980 |
| Cash flows from operating activities - | |
| Operating income (loss) | \$ (238,721) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | |
| Depreciation and amortization | \$ - |
| Increase (decrease) due to changes in: | |
| Accounts receivable | - |
| Other current assets | - |
| Accounts payable | 151,802 |
| Accrued liabilities affecting operating activities | (1,452) |
| Other liabilities | - |
| Long-term compensation liability | - |
| Total adjustments | 150,350 |
| Net cash provided by (used in) operating activities | \$ (88,371) |
| Noncash transactions affecting financial position: | |
| Contributions of fixed assets from other entities | \$ - |

| <u>Storm Water Utility</u> | <u>Refuse Collection</u> | <u>Golf</u> | <u>Total</u> |
|--------------------------------|------------------------------|---------------------|----------------------|
| <u>\$ 421,392</u> | <u>\$ 213,786</u> | <u>\$ 40,368</u> | <u>\$ 675,546</u> |
| <u>421,392</u> | <u>213,786</u> | <u>40,368</u> | <u>675,546</u> |
| (6,115,191) | 1,140,343 | (98,179) | (5,905,888) |
| <u>16,628,358</u> | <u>4,718,429</u> | <u>1,236,741</u> | <u>24,373,369</u> |
| <u>\$ 10,513,167</u> | <u>\$ 5,858,772</u> | <u>\$ 1,138,562</u> | <u>\$ 18,467,481</u> |
| \$ 7,285,532 | \$ 5,258,736 | \$ 1,138,562 | \$ 14,639,810 |
| <u>3,227,635</u> | <u>600,036</u> | <u>-</u> | <u>3,827,671</u> |
| <u>\$ 10,513,167</u> | <u>\$ 5,858,772</u> | <u>\$ 1,138,562</u> | <u>\$ 18,467,481</u> |
| \$ 898,818 | \$ 411,957 | \$ (652,399) | \$ 419,655 |
| \$ 1,724,324 | \$ 780,499 | \$ 757,446 | \$ 3,262,269 |
| (90,082) | (218,788) | 15,069 | (293,801) |
| - | 99,399 | 26,978 | 126,377 |
| 290,803 | 382,768 | (37,721) | 787,652 |
| (911) | (11,667) | (20,409) | (34,439) |
| (18,427) | (17,468) | 50,941 | 15,046 |
| - | (26,433) | (5,440) | (31,873) |
| <u>1,905,707</u> | <u>988,310</u> | <u>786,864</u> | <u>3,831,231</u> |
| <u>\$ 2,804,525</u> | <u>\$ 1,400,267</u> | <u>\$ 134,465</u> | <u>\$ 4,250,886</u> |
| \$ 1,249,491 | \$ - | \$ 3,609,150 | \$ 4,858,641 |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
INTERMODAL HUB FUND
Year ended June 30, 2006

| | Budgetary Basis | | | | |
|---|----------------------------|---------------------------------|------------------|------------------|---------------------|
| | Actual on GAAP basis | Actual on budgetary basis | Budgeted Amounts | | Variance |
| | | | Original | Final | |
| Revenues and other sources: | | | | | |
| Grants and other contributions | \$ - | \$ - | \$ 1,500,000 | \$ 1,500,000 | \$ (1,500,000) |
| Donations | - | - | 3,000,000 | 3,000,000 | (3,000,000) |
| Other | 1,877,628 | 1,877,628 | 146,448 | 146,448 | 1,731,180 |
| Debt Proceeds | - | - | 3,000,000 | 3,000,000 | (3,000,000) |
| Transfer in | - | - | 1,700,000 | 1,700,000 | (1,700,000) |
| Total revenues and other sources | <u>1,877,628</u> | <u>1,877,628</u> | <u>9,346,448</u> | <u>9,346,448</u> | <u>(7,468,820)</u> |
| Expenses and other uses: | | | | | |
| Personal services | 93,872 | 93,872 | - | - | (93,872) |
| Operating and Maintenance | 15,057 | 15,057 | 17,600 | 17,600 | 2,543 |
| Charges and services | <u>2,007,420</u> | <u>2,007,420</u> | <u>244,500</u> | <u>244,500</u> | <u>(1,762,920)</u> |
| Total expenses before capital outlay | 2,116,349 | 2,116,349 | 262,100 | 262,100 | (1,854,249) |
| Capital outlay - Construction and purchase of property | <u>-</u> | <u>744,490</u> | <u>9,084,348</u> | <u>9,084,348</u> | <u>8,339,858</u> |
| Total expenses and other uses | <u>2,116,349</u> | <u>2,860,839</u> | <u>9,346,448</u> | <u>9,346,448</u> | <u>6,485,609</u> |
| Change in net assets | <u>\$ (238,721)</u> | <u>\$ (983,211)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (983,211)</u> |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
STORM WATER UTILITY FUND
Year ended June 30, 2006

| | Budgetary Basis | | | | |
|--|----------------------------|---------------------------------|------------------|-----------------|--------------|
| | Actual on GAAP basis | Actual on budgetary basis | Budgeted Amounts | | Variance |
| | | | Original | Final | |
| Revenues and other sources: | | | | | |
| Operating revenue - sales and charges for current services | \$ 5,340,616 | \$ 5,340,616 | \$ 5,245,000 | \$ 5,245,000 | \$ 95,616 |
| Gain on sale of assets | 65,007 | - | - | - | - |
| Equipment disposition proceeds | - | 65,007 | 10,000 | 10,000 | 55,007 |
| Interest income | 421,392 | 421,392 | 200,000 | 200,000 | 221,392 |
| Impact fees | 760,026 | 760,026 | 200,000 | 200,000 | 560,026 |
| Contributions and nonoperating grants | 1,218,971 | 1,218,971 | 716,000 | 716,000 | 502,971 |
| | | | | | |
| Total revenues and other sources | 7,806,012 | 7,806,012 | 6,371,000 | 6,371,000 | 1,435,012 |
| | | | | | |
| Expenses and other uses: | | | | | |
| Personal services | 1,358,062 | 1,358,062 | 1,534,983 | 1,534,983 | 176,921 |
| Accrued compensated absences | (666) | - | - | - | - |
| Operating and maintenance | 119,711 | 119,711 | 126,000 | 126,000 | 6,289 |
| Charges and services | 1,240,367 | 1,240,367 | 1,267,151 | 1,267,151 | 26,784 |
| Depreciation and amortization | 1,724,324 | - | - | - | - |
| Transfers out | 1,214 | 1,214 | - | - | (1,214) |
| | | | | | |
| Expenses before debt service and capital outlay | 4,443,012 | 2,719,354 | 2,928,134 | 2,928,134 | 208,780 |
| | | | | | |
| Debt service: | | | | | |
| Principal | - | 240,000 | 240,000 | 240,000 | - |
| Interest | 313,549 | 313,549 | 360,000 | 360,000 | 46,451 |
| Capitalized interest | (342,833) | - | - | - | - |
| Capital outlay: | | | | | |
| Land | - | 58,745 | - | 58,745 | - |
| Buildings | - | 598,010 | 2,986,000 | 2,987,500 | 2,389,490 |
| Improvements other than buildings | - | 9,821,297 | 7,888,000 | 10,184,500 | 363,203 |
| Equipment | - | 498,063 | 223,000 | 586,658 | 88,595 |
| | | | | | |
| Total expenses and other uses | 4,413,728 | 14,249,018 | 14,625,134 | 17,345,537 | 3,096,519 |
| | | | | | |
| Change in net assets | \$ 3,392,284 | \$ (6,443,006) | \$ (8,254,134) | \$ (10,974,537) | \$ 4,531,531 |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
REFUSE COLLECTION FUND
Year ended June 30, 2006

| | | | Budgetary Basis | | |
|--|----------------------------|---------------------------------|------------------|--------------|--------------|
| | Actual on GAAP basis | Actual on budgetary basis | Budgeted Amounts | | |
| | | | Original | Final | Variance |
| Revenues and other sources: | | | | | |
| Refuse collection fees | \$ 7,053,060 | \$ 7,053,060 | \$ 7,165,891 | \$ 7,165,891 | \$ (112,831) |
| Fixed asset disposition proceeds | - | 45,901 | 368,675 | 368,675 | (322,774) |
| Gain on fixed asset disposition | 45,901 | - | - | - | - |
| Rental and other | 17,025 | 17,025 | - | - | 17,025 |
| Proceeds from debt | - | 1,411,250 | 1,990,825 | 1,990,825 | (579,575) |
| Interest income | 213,786 | 213,786 | 80,000 | 80,000 | 133,786 |
| Equity in joint venture income | (4,663,456) | - | - | - | - |
| Total revenues and other sources | 2,666,316 | 8,741,022 | 9,605,391 | 9,605,391 | (864,369) |
| Expenses and other uses: | | | | | |
| Personal services | 1,618,566 | 1,618,566 | 1,880,758 | 1,880,758 | 262,192 |
| Accrued compensated absences | 13,230 | - | - | - | - |
| Operating and maintenance | 40,055 | 40,055 | 70,126 | 70,221 | 30,166 |
| Charges and services | 4,205,778 | 4,205,778 | 4,595,324 | 4,649,294 | 443,516 |
| Depreciation | 780,499 | - | - | - | - |
| Transfers out | 2,429 | 2,429 | 2,429 | 2,429 | - |
| Total expenses before debt service and capital outlay | 6,660,557 | 5,866,828 | 6,548,637 | 6,602,702 | 735,874 |
| Debt service: | | | | | |
| Principal | - | 549,524 | 1,062,251 | 1,062,251 | 512,727 |
| Interest | 52,089 | 52,089 | 78,545 | 78,545 | 26,456 |
| Capital outlay - purchase of equipment | - | 922,768 | 2,217,823 | 2,229,173 | 1,306,405 |
| Total expenses and other uses | 6,712,646 | 7,391,209 | 9,907,256 | 9,972,671 | 2,581,462 |
| Change in net assets | \$ (4,046,330) | \$ 1,349,813 | \$ (301,865) | \$ (367,280) | \$ 1,717,093 |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
GOLF FUND
Year ended June 30, 2006

| | Budgetary Basis | | | | |
|--|----------------------------|---------------------------------|--------------|--------------|--------------|
| | Actual on GAAP basis | Actual on budgetary basis | Original | Final | Variance |
| Revenues and other sources: | | | | | |
| Admissions and fees | \$ 5,066,476 | \$ 5,066,476 | \$ 5,300,638 | \$ 5,178,803 | \$ (112,327) |
| Equipment and facility rental | 1,865,281 | 1,865,281 | 1,923,253 | 2,011,714 | (146,433) |
| Retail sales and concessions | 890,654 | 890,654 | 820,916 | 854,290 | 36,364 |
| Interest income | 40,368 | 40,368 | 33,219 | 33,219 | 7,149 |
| Loss on sale of assets | 4,567 | - | - | - | - |
| Fixed asset disposition proceeds | - | 4,567 | - | - | 4,567 |
| Other revenue | 1,168 | 1,168 | 2,394 | 2,394 | (1,226) |
| Transfers in | 5,308,617 | 5,308,617 | - | - | 5,308,617 |
| Total revenues and other sources | 13,177,131 | 13,177,131 | 8,080,420 | 8,080,420 | 5,096,711 |
| Expenses and other uses: | | | | | |
| Personal services | 3,579,510 | 3,579,510 | 3,653,018 | 3,653,018 | 73,508 |
| Accrued compensated absences | (26,729) | - | - | - | - |
| Operating and maintenance | 1,191,816 | 1,191,816 | 1,131,327 | 1,131,327 | (60,489) |
| Charges and services | 2,973,935 | 2,973,935 | 2,917,323 | 2,956,201 | (17,734) |
| Depreciation | 757,446 | - | - | - | - |
| Transfers out | 10,323 | 10,323 | 10,323 | 10,323 | - |
| Total expenses before debt service and capital outlay | 8,486,301 | 7,755,584 | 7,711,991 | 7,750,869 | (4,715) |
| Debt Service: | | | | | |
| Principal | - | 235,425 | 214,109 | 214,109 | (21,316) |
| Interest | 24,831 | 24,831 | 45,138 | 45,138 | 20,307 |
| Capital outlay-purchase of equipment | - | 260,256 | 120,800 | 120,800 | (139,456) |
| Total expenses and other uses | 8,511,132 | 8,276,096 | 8,092,038 | 8,130,916 | (145,180) |
| Change in net assets | \$ 4,665,999 | \$ 4,901,035 | \$ (11,618) | \$ (50,496) | \$ 4,951,531 |

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Major Enterprise Funds
– Budgetary Comparison Schedules

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
WATER UTILITY FUND
Year ended June 30, 2006

| | Actual on GAAP basis | Actual on budgetary basis | Budgetary Basis | | |
|--|----------------------------|---------------------------------|------------------|-----------------|---------------|
| | | | Budgeted Amounts | | Variance |
| | | | Original | Final | |
| Revenues and other sources: | | | | | |
| Operating revenue - sales and charges | | | | | |
| for current services | \$ 51,865,840 | \$ 51,865,840 | \$ 49,570,172 | \$ 49,570,172 | \$ 2,295,668 |
| Equipment disposition proceeds | - | 177,025 | 50,000 | 50,000 | 127,025 |
| Gain on sale of assets | 185,476 | - | - | - | - |
| Interest income | 1,289,151 | 1,289,151 | 450,000 | 450,000 | 839,151 |
| Contributions and nonoperating grants | 1,615,092 | 1,615,092 | 855,000 | 855,000 | 760,092 |
| Impact fees | 1,887,134 | 1,887,134 | 1,000,000 | 1,000,000 | 887,134 |
| Total revenues and other sources | 56,842,693 | 56,834,242 | 51,925,172 | 51,925,172 | 4,909,070 |
| Expenses and other uses: | | | | | |
| Personal services | 14,059,140 | 14,059,140 | 14,509,670 | 14,509,670 | 450,530 |
| Accrued compensated absences | (2,863) | - | - | - | - |
| Operating and maintenance | 2,660,385 | 2,660,385 | 2,370,779 | 2,370,779 | (289,606) |
| Charges and services | 21,410,068 | 21,410,068 | 21,826,219 | 21,826,219 | 416,151 |
| Depreciation and amortization | 5,607,564 | - | - | - | - |
| Transfers out | 44,806 | 44,806 | - | - | (44,806) |
| Expenses before debt service and capital outlay | 43,779,100 | 38,174,399 | 38,706,668 | 38,706,668 | 532,269 |
| Debt service: | | | | | |
| Principal | - | 1,680,000 | 1,440,000 | 1,440,000 | (240,000) |
| Interest | 1,326,550 | 1,326,550 | 1,180,000 | 1,180,000 | (146,550) |
| Capitalized interest | (676,649) | - | - | - | - |
| Capital outlay: | | | | | |
| Land and water rights | - | 111,559 | 780,000 | 885,000 | 773,441 |
| Buildings | - | 4,114,501 | 8,634,000 | 8,834,000 | 4,719,499 |
| Improvements other than buildings | - | 10,080,241 | 10,201,735 | 11,327,735 | 1,247,494 |
| Equipment | - | 1,703,671 | 2,165,500 | 2,710,079 | 1,006,408 |
| Total expenses and other uses | 44,429,001 | 57,190,921 | 63,107,903 | 65,083,482 | 7,892,561 |
| Change in net assets | \$ 12,413,692 | \$ (356,679) | \$ (11,182,731) | \$ (13,158,310) | \$ 12,801,631 |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
DEPARTMENT OF AIRPORTS
Year ended June 30, 2006

| | Budgetary Basis | | | | |
|--|----------------------------|---------------------------------|------------------|---------------|----------------|
| | Actual on GAAP basis | Actual on budgetary basis | Budgeted Amounts | | |
| | | | Original | Final | Variance |
| Revenues and other sources: | | | | | |
| Airfields | \$ 15,672,079 | \$ 15,672,079 | \$ 17,672,300 | \$ 17,672,300 | \$ (2,000,221) |
| Terminals | 35,603,460 | 35,603,460 | 31,938,000 | 31,938,000 | 3,665,460 |
| Landside | 35,443,013 | 35,443,013 | 30,899,700 | 30,899,700 | 4,543,313 |
| Auxiliary airports | 470,001 | 470,001 | 411,800 | 411,800 | 58,201 |
| General aviation | 1,526,029 | 1,526,029 | 1,561,600 | 1,561,600 | (35,571) |
| Support areas | 6,318,159 | 6,318,159 | 6,372,300 | 6,372,300 | (54,141) |
| Other revenue | 1,750,358 | 1,750,358 | 1,692,100 | 1,692,100 | 58,258 |
| Loss on sale of property and equipment | (2,255,849) | - | - | - | - |
| Equipment disposition proceeds | - | 783,451 | - | - | 783,451 |
| Interest income | 5,868,368 | 5,868,368 | 2,500,000 | 2,500,000 | 3,368,368 |
| Passenger facility charges | 40,386,628 | 40,386,628 | 61,765,600 | 61,765,600 | (21,378,972) |
| Contributions for aid in construction | 19,836,783 | 19,836,783 | 44,883,400 | 44,883,400 | (25,046,617) |
| | | | | | |
| Total revenues and other sources | 160,619,029 | 163,658,329 | 199,696,800 | 199,696,800 | (36,038,471) |
| | | | | | |
| Expenses and other uses: | | | | | |
| Personal services | 34,156,758 | 34,156,758 | 36,874,400 | 36,874,400 | 2,717,642 |
| Accrued compensated absences | (67,490) | - | - | - | - |
| Capitalized personal services | (2,233,611) | - | - | - | - |
| Operating and maintenance | 7,427,536 | 7,427,536 | 6,904,950 | 6,904,950 | (522,586) |
| Charges and services | 24,413,460 | 24,413,460 | 26,668,950 | 26,668,950 | 2,255,490 |
| Depreciation and amortization | 40,812,399 | - | - | - | - |
| Participating airline rebate | 4,981,216 | 4,981,216 | 4,840,500 | 4,840,500 | (140,716) |
| Transfers out | 43,615 | 43,615 | 350,000 | 350,000 | 306,385 |
| | | | | | |
| Total expenses before debt service and capital outlay | 109,533,883 | 71,022,585 | 75,638,800 | 75,638,800 | 4,616,215 |
| | | | | | |
| Debt service: | | | | | |
| Principal | - | 4,025,000 | 4,025,000 | 4,025,000 | - |
| Interest | 2,770,135 | 2,770,135 | 1,319,000 | 1,319,000 | (1,451,135) |
| Capitalized interest | (535,020) | - | - | - | - |
| Capital outlay | | | | | |
| Land | - | 1,678,273 | 2,958,000 | 2,958,000 | 1,279,727 |
| Equipment | - | 4,152,187 | 3,076,000 | 3,076,000 | (1,076,187) |
| Construction, including multi- year projects | - | 67,334,929 | 111,576,000 | 111,576,000 | 44,241,071 |
| | | | | | |
| Total expenses and other uses | 111,768,998 | 150,983,109 | 198,592,800 | 198,592,800 | 47,609,691 |
| | | | | | |
| Change in net assets | \$ 48,850,031 | \$ 12,675,220 | \$ 1,104,000 | \$ 1,104,000 | \$ 11,571,220 |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
SEWER UTILITY FUND
Year ended June 30, 2006

| | Budgetary Basis | | | | |
|---|----------------------------|---------------------------------|------------------|-----------------|---------------|
| | Actual on GAAP basis | Actual on budgetary basis | Budgeted Amounts | | |
| | | | Original | Final | Variance |
| Revenues and other sources: | | | | | |
| Operating revenue - sales and charges for current services | \$ 16,875,689 | \$ 16,875,689 | \$ 15,971,000 | \$ 15,971,000 | \$ 904,689 |
| Equipment disposition proceeds | - | 51,356 | 10,000 | 10,000 | 41,356 |
| Gain on sale of assets | 54,708 | - | - | - | - |
| Interest income | 1,082,146 | 1,082,146 | 300,000 | 300,000 | 782,146 |
| Impact fees | 677,585 | 677,585 | 400,000 | 400,000 | 277,585 |
| Contributions and non-operating grants | 3,021,296 | 3,021,296 | 500,000 | 500,000 | 2,521,296 |
| | | | | | |
| Total revenues and other sources | 21,711,424 | 21,708,072 | 17,181,000 | 17,181,000 | 4,527,072 |
| | | | | | |
| Expenses and other uses: | | | | | |
| Personal services | 5,810,757 | 5,810,757 | 6,159,932 | 6,159,932 | 349,175 |
| Accrued compensated absences | (46,894) | - | - | - | - |
| Operating and maintenance | 1,074,657 | 1,074,657 | 1,376,875 | 1,376,875 | 302,218 |
| Charges and services | 2,267,344 | 2,267,344 | 2,165,894 | 2,165,894 | (101,450) |
| Depreciation and amortization | 3,632,759 | - | - | - | - |
| Transfers out | 19,235 | 19,235 | - | - | (19,235) |
| | | | | | |
| Expenses before debt service and capital outlay | 12,757,858 | 9,171,993 | 9,702,701 | 9,702,701 | 530,708 |
| | | | | | |
| Debt service: | | | | | |
| Principal | - | 760,000 | 782,100 | 782,100 | 22,100 |
| Interest | 992,906 | 992,906 | 1,152,900 | 1,152,900 | 159,994 |
| Capitalized interest | (1,085,638) | - | - | - | - |
| Capital outlay: | | | | | |
| Land | - | - | 1,000,000 | 1,000,000 | 1,000,000 |
| Buildings | - | 6,367,134 | 13,685,000 | 17,075,000 | 10,707,866 |
| Improvements other than buildings | - | 3,824,718 | 3,990,000 | 5,189,500 | 1,364,782 |
| Equipment | - | 647,075 | 1,386,600 | 1,799,244 | 1,152,169 |
| | | | | | |
| Total expenses and other uses | 12,665,126 | 21,763,826 | 31,699,301 | 36,701,445 | 14,937,619 |
| | | | | | |
| Change in net assets | \$ 9,046,298 | \$ (55,754) | \$ (14,518,301) | \$ (19,520,445) | \$ 19,464,691 |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
HOUSING FUND
Year ended June 30, 2006

| | Actual on GAAP basis | Actual on budgetary basis | Budgetary Basis | | |
|---|----------------------------|---------------------------------|------------------|--------------|--------------|
| | | | Budgeted Amounts | | Variance |
| | | | Original | Final | |
| Revenues and other sources: | | | | | |
| Operating revenue - sales and charges for current services | \$ 1,284,169 | \$ 1,284,169 | \$ - | \$ - | \$ 1,284,169 |
| Equipment disposition proceeds | - | - | 845,000 | 845,000 | (845,000) |
| Gain on sale of assets | - | - | - | - | - |
| Interest income | 301,578 | 301,578 | 596,000 | 596,000 | (294,422) |
| Contributions and non-operating grants | - | 1,929,222 | 663,306 | 3,231,406 | (1,302,184) |
| Transfers in | 14,217,549 | 14,217,549 | - | 14,783,437 | - |
| Total revenues and other sources | 15,803,296 | 17,732,518 | 2,104,306 | 19,455,843 | (1,157,437) |
| Expenses and other uses: | | | | | |
| Operating and maintenance | - | - | - | - | - |
| Charges and services | 360,610 | 360,610 | 1,508,306 | 10,527,367 | 10,166,757 |
| Depreciation and amortization | - | - | - | - | - |
| Transfers out | 1,486,927 | 1,486,927 | - | 1,824,684 | 337,757 |
| Expenses before debt service and capital outlay | 1,847,537 | 1,847,537 | 1,508,306 | 12,352,051 | 10,504,514 |
| Debt service: | | | | | |
| Principal | - | 858,827 | - | - | (858,827) |
| Interest | 642,063 | 642,063 | 596,000 | 596,000 | (46,063) |
| Capitalized interest | - | - | - | - | - |
| Total expenses and other uses | 2,489,600 | 3,348,427 | 2,104,306 | 12,948,051 | 9,599,624 |
| Change in net assets | \$ 13,313,696 | \$ 14,384,091 | \$ - | \$ 6,507,792 | \$ 8,442,187 |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AGENCY FUND
Year ended June 30, 2006

| | Actual on GAAP basis | Actual on budgetary basis | Budgetary Basis | | |
|---|----------------------------|---------------------------------|------------------|-----------------|---------------|
| | | | Budgeted Amounts | | Variance |
| | | | Original | Final | |
| Revenues and other sources: | | | | | |
| Operating income - rental and other | \$ 1,865,015 | \$ 1,865,015 | \$ 1,291,860 | \$ 1,308,410 | \$ 556,605 |
| Property taxes | 21,136,089 | 21,136,089 | 28,622,558 | 21,136,089 | - |
| Interest income | 2,786,393 | 2,786,393 | 1,524,500 | 1,432,500 | 1,353,893 |
| Property disposition proceeds | - | 120,000 | - | 300,000 | (180,000) |
| Gain on property disposition | 64,489 | - | - | - | - |
| Debt Proceeds | - | 1,600,000 | 1,600,000 | 1,600,000 | - |
| Principal received on loans | - | 2,211,577 | 670,000 | 1,435,000 | 776,577 |
| Total revenues and other sources | 25,851,986 | 29,719,074 | 33,708,918 | 27,211,999 | 2,507,075 |
| Expenses and other uses: | | | | | |
| Personal services | 554,885 | 554,885 | 507,000 | 507,000 | (47,885) |
| Accrued compensated absences | 2,374 | - | - | - | - |
| Operating and maintenance | 778,337 | 778,337 | 7,155,312 | 7,155,312 | 6,376,975 |
| Charges and services | 8,590,675 | 8,590,675 | 36,480,676 | 29,622,635 | 21,031,960 |
| Property tax refund accrual | 110,106 | - | - | - | - |
| Property tax refund designation | - | 223,500 | 223,500 | 223,500 | - |
| Loans made to residents and businesses | - | 6,188,700 | 11,772,869 | 11,772,869 | 5,584,169 |
| Depreciation and amortization | 1,731,071 | - | - | - | - |
| Loss on writedown of land/buildings held for resale | - | - | - | - | - |
| Transfers Out | 1,604,251 | 1,604,251 | 1,604,251 | 1,604,251 | - |
| Total expenses before debt service | 13,371,699 | 17,940,348 | 57,743,608 | 50,885,567 | 32,945,219 |
| Debt service: | | | | | |
| Principal | - | 5,392,586 | 9,737,586 | 9,737,586 | 4,345,000 |
| Interest and fiscal charges | 2,815,690 | 2,847,117 | 3,444,289 | 3,444,289 | 597,172 |
| Accrued interest on capital appreciation bonds | 1,359,037 | - | - | - | - |
| Capital outlay- | | | | | |
| Land purchases | - | 3,165,175 | 4,097,410 | 4,097,410 | 932,235 |
| Total expenses and other uses | 17,546,426 | 29,345,226 | 75,022,893 | 68,164,852 | 38,819,626 |
| Change in net assets | \$ 8,305,560 | \$ 373,848 | \$ (41,313,975) | \$ (40,952,853) | \$ 41,326,701 |

Internal Service Funds

Fleet Management Fund - This fund is used to account for the costs of the fleet management system which provides vehicles for use by City departments, and which provides vehicle maintenance on a cost-reimbursement basis.

Information Management Services Fund - This fund is used to account for the costs of providing data processing services to City departments. Costs are recovered by charges to user departments.

Risk Management Fund - This fund is used to account for the costs of providing insurance for employee health, accident, long-term disability, unemployment and worker's compensation. It also accounts for costs of the City's property damage insurance.

Governmental Immunity Fund - This fund is used to account for payment of general liability claims against the City.

Municipal Building Authority Fund - This fund is used to account for the acquisition and lease to the City of purchased or constructed property and equipment. This fund accounts for the bonds which were issued to purchase or construct the property and equipment and also accounts for the retirement of those bonds.

Copy Center Fund - This fund is used to account for centralized photocopying and printing activities.

SALT LAKE CITY CORPORATION
COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
June 30, 2006

| <u>ASSETS</u> | <u>Fleet Management</u> | <u>Information Management Services</u> |
|---|-----------------------------|--|
| Current assets: | | |
| Cash and cash equivalents | \$ 5,204,913 | \$ 516,759 |
| Receivables: | | |
| Other receivables | - | - |
| Other assets | | |
| Prepaid expenses | - | 46,835 |
| Inventories of supplies, at cost | 479,378 | 33,404 |
| | <u>5,684,291</u> | <u>596,998</u> |
| Total current assets | | |
| Restricted assets - cash and cash equivalents | <u>1,043,569</u> | <u>-</u> |
| Property and equipment, at cost: | | |
| Land | - | - |
| Buildings | 5,302 | 60,411 |
| Improvements other than buildings | - | - |
| Machinery and equipment | 43,851,531 | 5,968,864 |
| Work in progress | 9,808 | - |
| Accumulated depreciation and amortization | <u>(27,243,124)</u> | <u>(4,318,127)</u> |
| | <u>16,623,517</u> | <u>1,711,148</u> |
| Net property and equipment | | |
| | <u>\$ 23,351,377</u> | <u>\$ 2,308,146</u> |
| Total assets | | |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities: | | |
| Due to other funds for cash overdraft | - | - |
| Accounts payable | 530,428 | 105,794 |
| Accrued liabilities | 154,611 | 184,145 |
| Deferred revenue | - | 118,245 |
| Current portion of long-term compensation liability | 33,870 | 74,785 |
| Current portion of long-term debt | <u>2,858,870</u> | <u>-</u> |
| | <u>3,577,779</u> | <u>482,969</u> |
| Total current liabilities | | |
| Long-term liabilities: | | |
| Notes payable | 2,931,865 | - |
| Notes payable from restricted assets | 1,043,569 | - |
| Obligations for compensation liabilities due after one year | <u>292,443</u> | <u>737,237</u> |
| | <u>4,267,877</u> | <u>737,237</u> |
| Total long-term liabilities | | |
| | <u>7,845,656</u> | <u>1,220,206</u> |
| Total liabilities | | |
| Net Assets: | | |
| Invested in capital assets | 9,789,213 | 1,711,148 |
| Unrestricted (deficit) | <u>5,716,508</u> | <u>(623,208)</u> |
| | <u>15,505,721</u> | <u>1,087,940</u> |
| Total net assets | | |
| | <u>\$ 23,351,377</u> | <u>\$ 2,308,146</u> |
| Total liabilities and net assets | | |

| Risk Management | Governmental Immunity | Municipal Building Authority | Copy Center | Total |
|---------------------|-----------------------|------------------------------|------------------|----------------------|
| \$ 5,361,700 | \$ 3,725,945 | \$ 1,179,728 | \$ 11,340 | \$ 16,000,385 |
| - | - | 1,665,409 | - | 1,665,409 |
| - | - | - | - | 46,835 |
| - | - | - | 2,592 | 515,374 |
| 5,361,700 | 3,725,945 | 2,845,137 | 13,932 | 18,228,003 |
| - | - | - | - | 1,043,569 |
| 62,741 | - | - | - | 62,741 |
| 127,384 | - | - | - | 193,097 |
| - | - | - | - | - |
| 16,837 | - | - | 16,150 | 49,853,382 |
| - | - | - | - | 9,808 |
| (48,430) | - | - | (11,305) | (31,620,986) |
| 158,532 | - | - | 4,845 | 18,498,042 |
| <u>\$ 5,520,232</u> | <u>\$ 3,725,945</u> | <u>\$ 2,845,137</u> | <u>\$ 18,777</u> | <u>\$ 37,769,614</u> |
| - | - | - | - | - |
| 345,475 | 33,153 | - | - | 1,014,850 |
| 4,451,085 | 1,931,886 | - | - | 6,721,727 |
| 27,566 | - | - | - | 145,811 |
| 11,264 | - | - | - | 119,919 |
| - | - | - | - | 2,858,870 |
| 4,835,390 | 1,965,039 | - | - | 10,861,177 |
| - | - | - | - | 2,931,865 |
| - | - | - | - | 1,043,569 |
| 32,582 | 1,188 | - | - | 1,063,450 |
| 32,582 | 1,188 | - | - | 5,038,884 |
| 4,867,972 | 1,966,227 | - | - | 15,900,061 |
| 158,532 | - | - | 4,845 | 11,663,738 |
| 493,728 | 1,759,718 | 2,845,137 | 13,932 | 10,205,815 |
| 652,260 | 1,759,718 | 2,845,137 | 18,777 | 21,869,553 |
| <u>\$ 5,520,232</u> | <u>\$ 3,725,945</u> | <u>\$ 2,845,137</u> | <u>\$ 18,777</u> | <u>\$ 37,769,614</u> |

SALT LAKE CITY CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
Year ended June 30, 2006

| | Fleet Management | Information Management Services |
|---|-----------------------------|---------------------------------------|
| Operating revenue - charges for services | <u>\$ 7,428,592</u> | <u>\$ 7,626,003</u> |
| Operating expenses: | | |
| Personal services | 2,520,034 | 5,210,048 |
| Operating and maintenance | 4,370,519 | 128,986 |
| Charges and services including change in reserves | 667,657 | 1,246,289 |
| Depreciation and amortization | <u>4,170,045</u> | <u>774,160</u> |
| Total operating expenses | <u>11,728,255</u> | <u>7,359,483</u> |
| Operating income (loss) | <u>(4,299,663)</u> | <u>266,520</u> |
| Nonoperating revenues (expenses): | | |
| Interest income | 54,038 | 89,372 |
| Interest expense | (247,983) | - |
| Gain (loss) on property and equipment disposition | <u>448,052</u> | <u>27,570</u> |
| Total nonoperating revenues (expenses) | <u>254,107</u> | <u>116,942</u> |
| Income (loss) before operating transfers | (4,045,556) | 383,462 |
| Transfers in | 5,135,381 | 202,161 |
| Transfers out | <u>(17,261)</u> | <u>-</u> |
| Change in net assets | 1,072,564 | 585,623 |
| Net Assets July 1, 2005 | <u>14,433,157</u> | <u>502,317</u> |
| Net Assets June 30, 2006 | <u><u>\$ 15,505,721</u></u> | <u><u>\$ 1,087,940</u></u> |

| <u>Risk Management</u> | <u>Govern- mental Immunity</u> | <u>Municipal Building Authority</u> | <u>Copy Center</u> | <u>Total</u> |
|----------------------------|--|---|------------------------|----------------------|
| <u>\$ 28,569,794</u> | <u>\$ 307,649</u> | <u>\$ 300,000</u> | <u>\$ -</u> | <u>\$ 44,232,038</u> |
| 628,149 | 204,100 | - | - | 8,562,331 |
| 8,202 | 22,674 | - | - | 4,530,381 |
| 29,555,708 | 442,190 | - | - | 31,911,844 |
| 2,716 | - | 1,052,739 | 3,230 | 6,002,890 |
| <u>30,194,775</u> | <u>668,964</u> | <u>1,052,739</u> | <u>3,230</u> | <u>51,007,446</u> |
| <u>(1,624,981)</u> | <u>(361,315)</u> | <u>(752,739)</u> | <u>(3,230)</u> | <u>(6,775,408)</u> |
| 177,473 | 139,447 | 65,408 | - | 525,738 |
| - | - | - | - | (247,983) |
| <u>-</u> | <u>-</u> | <u>(63,631,418)</u> | <u>-</u> | <u>(63,155,796)</u> |
| <u>177,473</u> | <u>139,447</u> | <u>(63,566,010)</u> | <u>-</u> | <u>(62,878,041)</u> |
| (1,447,508) | (221,868) | (64,318,749) | (3,230) | (69,653,449) |
| 66,000 | 1,150,000 | - | - | 6,553,542 |
| <u>(6,376)</u> | <u>-</u> | <u>(11,990,310)</u> | <u>-</u> | <u>(12,013,947)</u> |
| (1,387,884) | 928,132 | (76,309,059) | (3,230) | (75,113,854) |
| <u>2,040,144</u> | <u>831,586</u> | <u>79,154,196</u> | <u>22,007</u> | <u>96,983,407</u> |
| <u>\$ 652,260</u> | <u>\$ 1,759,718</u> | <u>\$ 2,845,137</u> | <u>\$ 18,777</u> | <u>\$ 21,869,553</u> |

SALT LAKE CITY CORPORATION
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2006

| | Fleet Management | Information Management Services |
|--|---------------------|---------------------------------------|
| Increase (decrease) in cash and cash equivalents: | | |
| Cash flows from operating activities - | | |
| Receipts from customers and users | \$ 7,428,592 | \$ 7,604,339 |
| Payments to suppliers | (4,889,864) | (1,413,463) |
| Payments to employees | (2,566,550) | (5,192,340) |
| Net cash provided by (used in) operating activities | (27,822) | 998,536 |
| Cash flows from noncapital financing activities: | | |
| Transfers in | 5,135,381 | 202,161 |
| Transfers out | (17,261) | - |
| Net cash provided by (used in) noncapital financing activities | 5,118,120 | 202,161 |
| Cash flows from capital and related financing activities: | | |
| Proceeds from issuance of debt net of discount and issuance costs | 3,744,447 | - |
| Proceeds from sale of equipment | 523,616 | 31,140 |
| Payments on long-term obligations | (2,729,339) | - |
| Payments for purchase of fixed assets | (5,267,437) | (804,450) |
| Net cash used in capital financing activities | (3,728,713) | (773,310) |
| Cash flows from investing activities: | | |
| Interest received on investments | 54,038 | 89,372 |
| Net cash provided by investing activities | 54,038 | 89,372 |
| Net increase (decrease) in cash and cash equivalents | 1,415,623 | 516,759 |
| Cash and cash equivalents at beginning of year | 4,832,859 | - |
| Cash and cash equivalents at end of year | \$ 6,248,482 | \$ 516,759 |
| Cash and cash equivalent components: | | |
| Unrestricted | \$ 5,204,913 | \$ 516,759 |
| Restricted | 1,043,569 | - |
| Cash and cash equivalents at end of year | \$ 6,248,482 | \$ 516,759 |
| Reconciliation of operating income to net cash provided by (used in) operating activities: | | |
| Operating income (loss) | \$ (4,299,663) | \$ 266,520 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 4,170,045 | 774,160 |
| Increase (decrease) due to change in: | | |
| Inventories of supplies | (62,255) | (28,372) |
| Other current assets | - | 153,071 |
| Due to other funds for cash overdraft | - | (246,162) |
| Accounts payable | 210,567 | 83,275 |
| Accrued liabilities affecting operating income | (41,381) | (3,099) |
| Deferred revenue | - | (21,664) |
| Long-term compensation liability | (5,135) | 20,807 |
| Total adjustments | 4,271,841 | 732,016 |
| Net cash provided by (used in) operating activities | \$ (27,822) | \$ 998,536 |

| <u>Risk Management</u> | <u>Govern- mental Immunity</u> | <u>Municipal Building Authority</u> | <u>Copy Center</u> | <u>Total</u> |
|----------------------------|--|---|------------------------|----------------|
| \$ 28,569,794 | \$ 307,649 | \$ 600,000 | \$ - | \$ 44,510,374 |
| (28,340,131) | (511,033) | (1,600,000) | - | (36,754,491) |
| (622,534) | (281,348) | - | - | (8,662,772) |
| (392,871) | (484,732) | (1,000,000) | - | (906,889) |
| 66,000 | 1,150,000 | - | - | 6,553,542 |
| (6,376) | - | (6,681,693) | - | (6,705,330) |
| 59,624 | 1,150,000 | (6,681,693) | - | (151,788) |
| - | - | - | - | 3,744,447 |
| - | - | - | - | 554,756 |
| - | - | - | - | (2,729,339) |
| - | - | - | - | (6,071,887) |
| - | - | - | - | (4,502,023) |
| 177,473 | 139,447 | - | - | 460,330 |
| 177,473 | 139,447 | - | - | 460,330 |
| (155,774) | 804,715 | (7,681,693) | - | (5,100,370) |
| 5,517,474 | 2,921,230 | 8,861,421 | 11,340 | 22,144,324 |
| \$ 5,361,700 | \$ 3,725,945 | \$ 1,179,728 | \$ 11,340 | \$ 17,043,954 |
| \$ 5,361,700 | \$ 3,725,945 | \$ 1,179,728 | \$ 11,340 | \$ 16,000,385 |
| - | - | - | - | 1,043,569 |
| \$ 5,361,700 | \$ 3,725,945 | \$ 1,179,728 | \$ 11,340 | \$ 17,043,954 |
| \$ (1,624,981) | \$ (361,315) | \$ (752,739) | \$ (3,230) | \$ (6,775,408) |
| 2,716 | - | 1,052,739 | 3,230 | 6,002,890 |
| - | - | - | - | (90,627) |
| (6,679) | - | (1,300,000) | - | (1,153,608) |
| 307,256 | (46,169) | - | - | (246,162) |
| 916,523 | (66,972) | - | - | 554,929 |
| 9,623 | - | - | - | 805,071 |
| 2,671 | (10,276) | - | - | (12,041) |
| 1,232,110 | (123,417) | (247,261) | 3,230 | 5,868,519 |
| \$ (392,871) | \$ (484,732) | \$ (1,000,000) | \$ - | \$ (906,889) |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
FLEET MANAGEMENT FUND
Year ended June 30, 2006

| | Actual on GAAP basis | Actual on budgetary basis | Budgetary Basis | | |
|--|----------------------------|---------------------------------|-------------------------|-------------------------|---------------------------|
| | | | Budgeted Amounts | | Variance |
| | | | Original | Final | |
| Revenues and other sources: | | | | | |
| Charges for maintenance | \$ 7,428,592 | \$ 7,428,592 | \$ 6,654,010 | \$ 7,124,010 | \$ 304,582 |
| Interest income | 54,038 | 54,038 | 500 | 500 | 53,538 |
| Gain on sale of equipment | 448,052 | - | - | - | - |
| Proceeds from note | - | - | 3,800,500 | 3,800,500 | (3,800,500) |
| Proceeds from sale of equipment | - | 523,616 | 450,000 | 450,000 | 73,616 |
| Transfers in | 5,135,381 | 5,135,381 | 5,135,381 | 5,135,381 | - |
| Total revenues and other sources | 13,066,063 | 13,141,627 | 16,040,391 | 16,510,391 | (3,368,764) |
| Expenses and other uses: | | | | | |
| Personal services | 2,531,269 | 2,531,269 | 2,571,722 | 2,571,722 | 40,453 |
| Accrued compensated absences | (11,235) | - | - | - | - |
| Operating and maintenance | 4,370,519 | 4,370,519 | 4,009,150 | 4,479,150 | 108,631 |
| Charges and services | 667,657 | 667,657 | 740,798 | 749,919 | 82,262 |
| Depreciation | 4,170,045 | - | - | - | - |
| Transfers out | 17,261 | 17,261 | 17,261 | 17,261 | - |
| Total expenses before debt service and capital outlay | 11,745,516 | 7,586,706 | 7,338,931 | 7,818,052 | 231,346 |
| Debt service: | | | | | |
| Principal | - | 2,481,356 | 3,137,843 | 3,137,843 | 656,487 |
| Interest | 247,983 | 247,983 | 281,245 | 281,245 | 33,262 |
| Capital outlay | - | 5,267,437 | 5,512,000 | 5,512,000 | 244,563 |
| Total expenses and other uses | 11,993,499 | 15,583,482 | 16,270,019 | 16,749,140 | 1,165,658 |
| Change in net assets | <u>\$ 1,072,564</u> | <u>\$ (2,441,855)</u> | <u>\$ (229,628)</u> | <u>\$ (238,749)</u> | <u>\$ (2,203,106)</u> |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
INFORMATION MANAGEMENT SERVICES FUND
Year ended June 30, 2006

| | Budgetary Basis | | | | |
|--------------------------------------|----------------------------|---------------------------------|------------------|--------------|------------|
| | Actual on GAAP basis | Actual on budgetary basis | Budgeted Amounts | | Variance |
| | | | Original | Final | |
| Revenue: | | | | | |
| Charges for services | \$ 7,626,002 | \$ 7,626,002 | \$ 7,562,206 | \$ 7,633,636 | \$ (7,634) |
| Interest income | 89,372 | 89,372 | 20,000 | 26,000 | 63,372 |
| Proceeds from sale of equipment | - | 31,140 | 35,000 | 35,000 | (3,860) |
| Loss on equipment disposition | 27,570 | - | - | - | - |
| Miscellaneous revenue | 1 | 1 | 2,077 | 2,077 | (2,076) |
| Transfers in | 202,161 | 202,161 | 178,994 | 180,294 | 21,867 |
| Total revenues and other sources | 7,945,106 | 7,948,676 | 7,798,277 | 7,877,007 | 71,669 |
| Expenses and other uses: | | | | | |
| Personal services | 5,209,486 | 5,209,486 | 5,140,922 | 5,207,922 | (1,564) |
| Accrued compensated absences | 562 | - | - | - | - |
| Operating and maintenance | 128,986 | 128,986 | 159,268 | 111,768 | (17,218) |
| Charges and services | 1,246,289 | 1,246,289 | 1,774,511 | 1,530,177 | 283,888 |
| Depreciation | 774,160 | - | - | - | - |
| Total expenses before capital outlay | 7,359,483 | 6,584,761 | 7,074,701 | 6,849,867 | 265,106 |
| Capital outlay | - | 804,450 | 540,400 | 843,964 | 39,514 |
| Total expenses and other uses | 7,359,483 | 7,389,211 | 7,615,101 | 7,693,831 | 304,620 |
| Change in net assets | \$ 585,623 | \$ 559,465 | \$ 183,176 | \$ 183,176 | \$ 376,289 |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
RISK MANAGEMENT FUND
Year ended June 30, 2006

| | Actual on GAAP basis | Actual on budgetary basis | Budgetary Basis | | |
|---|----------------------------|---------------------------------|-------------------|-------------------|---------------------|
| | | | Budgeted Amounts | | Variance |
| | | | Original | Final | |
| Revenues and other sources: | | | | | |
| Charges for services | \$ 28,522,693 | \$ 28,522,693 | \$ 29,292,575 | \$ 29,769,514 | \$ (1,246,821) |
| Interest income | 177,473 | 177,473 | 20,000 | 20,000 | 157,473 |
| Miscellaneous | 47,101 | 47,101 | - | 5,424 | 41,677 |
| Transfers in | 66,000 | 66,000 | 102,024 | 96,600 | (30,600) |
| Total revenues and other sources | <u>28,813,267</u> | <u>28,813,267</u> | <u>29,414,599</u> | <u>29,891,538</u> | <u>(1,078,271)</u> |
| Expenses and other uses: | | | | | |
| Personal services | 619,879 | 619,879 | 646,231 | 663,231 | 43,352 |
| Accrued compensated absences | 8,270 | - | - | - | - |
| Operating and maintenance | 8,202 | 8,202 | 14,564 | 14,564 | 6,362 |
| Premiums and other charges for services | 28,905,589 | 28,905,589 | 28,753,804 | 29,213,743 | 308,154 |
| Change in reserves | 650,119 | - | - | - | - |
| Depreciation | 2,716 | - | - | - | - |
| Transfers out | 6,376 | 6,376 | - | - | (6,376) |
| Total expenses before capital outlay | <u>30,201,151</u> | <u>29,540,046</u> | <u>29,414,599</u> | <u>29,891,538</u> | <u>351,492</u> |
| Capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenses and other uses | <u>30,201,151</u> | <u>29,540,046</u> | <u>29,414,599</u> | <u>29,891,538</u> | <u>351,492</u> |
| Change in net assets | <u>\$ (1,387,884)</u> | <u>\$ (726,779)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (726,779)</u> |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL IMMUNITY FUND
Year ended June 30, 2006

| | Budgetary Basis | | | | |
|------------------------------|----------------------------|---------------------------------|------------------|------------------|---------------------|
| | Actual on GAAP basis | Actual on budgetary basis | Budgeted Amounts | | Variance |
| | | | Original | Final | |
| Revenues and other sources - | | | | | |
| Interfund service charges | \$ 307,649 | \$ 307,649 | \$ 69,276 | \$ 69,276 | \$ 238,373 |
| Interest income | 139,447 | 139,447 | 54,000 | 54,000 | 85,447 |
| Transfers in | <u>1,150,000</u> | <u>1,150,000</u> | <u>1,150,000</u> | <u>1,150,000</u> | <u>-</u> |
| Total revenues | <u>1,597,096</u> | <u>1,597,096</u> | <u>1,273,276</u> | <u>1,273,276</u> | <u>323,820</u> |
| Expenses: | | | | | |
| Personal services | 193,824 | 193,824 | 214,376 | 214,376 | 20,552 |
| Accrued compensated absences | 10,276 | - | - | - | - |
| Operating and maintenance | 22,674 | 22,674 | 17,200 | 17,200 | (5,474) |
| Claims, charges and services | 374,190 | 374,190 | 1,041,700 | 1,041,700 | 667,510 |
| Change in reserves | <u>68,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenses | <u>668,964</u> | <u>590,688</u> | <u>1,273,276</u> | <u>1,273,276</u> | <u>682,588</u> |
| Change in net assets | <u>\$ 928,132</u> | <u>\$ 1,006,408</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,006,408</u> |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL BUILDING AUTHORITY FUND
Year ended June 30, 2006

| | Budgetary Basis | | | | |
|--|----------------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | Actual on GAAP basis | Actual on budgetary basis | Budgeted Amounts | | Variance |
| | | | Original | Final | |
| Revenues and other sources: | | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 300,000 | 300,000 | - | - | 300,000 |
| Property sale proceeds | - | - | - | - | - |
| Interest income | 65,408 | 65,408 | - | - | 65,408 |
| Transfers in | - | - | - | - | - |
| Total revenues and other sources | <u>365,408</u> | <u>365,408</u> | <u>-</u> | <u>-</u> | <u>365,408</u> |
| Expenses and other uses: | | | | | |
| Charges and services | - | - | 1,600,000 | 1,600,000 | 1,600,000 |
| Depreciation and amortization | <u>1,052,739</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenses before debt service and capital outlay | 1,052,739 | - | 1,600,000 | 1,600,000 | 1,600,000 |
| Capital outlay - acquisition & construction | - | - | - | - | - |
| Loss on property disposition | 63,631,418 | - | - | - | - |
| Transfers out | <u>11,990,310</u> | <u>11,990,310</u> | <u>6,602,000</u> | <u>6,681,693</u> | <u>(5,308,617)</u> |
| Total expenses and other uses | <u>76,674,467</u> | <u>11,990,310</u> | <u>8,202,000</u> | <u>8,281,693</u> | <u>(3,708,617)</u> |
| Change in net assets | <u>\$ (76,309,059)</u> | <u>\$ (11,624,902)</u> | <u>\$ (8,202,000)</u> | <u>\$ (8,281,693)</u> | <u>\$ (3,343,209)</u> |

SALT LAKE CITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
COPY CENTER FUND
Year ended June 30, 2006

| | Budgetary Basis | | | |
|-------------------------------|----------------------------|---------------------------------|------------------|-------------|
| | Actual on GAAP basis | Actual on budgetary basis | Budgeted Amounts | |
| | | | Original | Final |
| | | | | Variance |
| Expenses and other uses: | | | | |
| Charges and services | \$ - | \$ - | \$ - | \$ - |
| Depreciation | 3,230 | - | - | - |
| Transfers out | | | | - |
| Total expenses and other uses | <u>3,230</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net assets | <u>\$ (3,230)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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Project Schedules

SALT LAKE CITY CORPORATION
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
As of June 30, 2006

| | Project budget | Prior years' expenditures and transfers | Current year expenditures and transfers | Total project expenditures | Project balance |
|---|-------------------|---|---|----------------------------------|--------------------|
| 1000 West Reconstruction | \$ 35,000 | \$ 25,829 | \$ 5,285 | \$ 31,114 | \$ 3,886 |
| 1300 East Reconstruction | 285,652 | - | - | - | 285,652 |
| 1300 South Reconstruction | 1,131,974 | 662,219 | 31,151 | 693,370 | 438,604 |
| 1700 East Reconstruction | 40,000 | - | 33,856 | 33,856 | 6,144 |
| 2100 South Reconstruction | 475,850 | 337,201 | 33,983 | 371,184 | 104,666 |
| 500 East Reconstruction | 550,000 | - | 38,894 | 38,894 | 511,106 |
| 700 East Reconstruction | 199,090 | 168,965 | 500 | 169,465 | 29,625 |
| 700 South Reconstruction | 455,000 | - | 33,965 | 33,965 | 421,035 |
| 800 Radio Communication System | 62,000 | 61,717 | 5 | 61,722 | 278 |
| 900 South Reconstruction | 9,138,309 | 1,181,145 | 4,163,119 | 5,344,264 | 3,794,045 |
| ADA Modifications - Parks | 972,715 | 509,235 | 242,004 | 751,239 | 221,476 |
| ADA Modifications - Ramp/Corner Repairs | 2,377,410 | 1,027,072 | 659,775 | 1,686,847 | 690,563 |
| Bonneville Boulevard Salt Dome | 1,017,404 | 637,384 | - | 637,384 | 380,020 |
| Bridge Rehabilitation | 845,658 | 292,174 | 131,966 | 424,140 | 421,518 |
| City/County Landfill | 6,810,948 | 2,130,623 | 699,009 | 2,829,632 | 3,981,316 |
| City Facility Improvements | 12,907,219 | 689,766 | 1,090,135 | 1,779,901 | 11,127,318 |
| Community Action Program | 10,828 | 2,022 | - | 2,022 | 8,806 |
| Concrete Replacement | 7,883,206 | 4,647,993 | 1,311,538 | 5,959,531 | 1,923,675 |
| Contingency | 779,068 | - | - | - | 779,068 |
| Debt Service - City/County Building | 5,264,521 | 2,308,495 | 2,956,025 | 5,264,520 | 1 |
| Debt Service - Library GO Bond | 6,912,319 | - | 6,912,319 | 6,912,319 | - |
| Debt Service - Justice Court | 150,693 | - | - | - | 150,693 |
| Debt Service - Motor Fuel Excise Tax Bond | 723,255 | - | 723,255 | 723,255 | - |
| Debt Service - Pioneer Precinct | 53,343 | - | - | - | 53,343 |
| Debt Service - Sales Tax | 3,000,413 | - | 3,000,413 | 3,000,413 | - |
| Debt Service - Zoo & Aviary Bond | 881,638 | - | 881,638 | 881,638 | - |
| Emigration Canyon Improvements | 390,518 | 208,469 | 75,000 | 283,469 | 107,049 |
| Fen way/Strong Court Improvements | 454,000 | - | 16,622 | 16,622 | 437,378 |
| Fremont/Remington Way | 464,000 | 29,881 | 37,321 | 67,202 | 396,798 |
| FTZ Warehouse | 536,000 | 266,603 | 153,089 | 419,692 | 116,308 |
| Gateway Reconstruction | 4,230,899 | 3,349,584 | 5,320 | 3,354,904 | 875,995 |
| Gladiola Street Reconstruction | 700,000 | 157,717 | 95,080 | 252,797 | 447,203 |
| Glendale Park | 240,000 | 34,121 | 205,610 | 239,731 | 269 |
| Grant Towers Railroad Realignment | 4,000,000 | - | 49,901 | 49,901 | 3,950,099 |
| Guardsman Way Reconstruction | 1,366,835 | 1,351,410 | 15,425 | 1,366,835 | - |
| Hogle Zoo | 10,550,243 | 5,478,426 | 4,839,958 | 10,318,384 | 231,859 |
| Human Resource Information System | 185,500 | 168,319 | - | 168,319 | 17,181 |
| IFAS Implementation | 2,290,906 | 1,989,887 | - | 1,989,887 | 301,019 |
| Impact Fees | 2,985,143 | 30,550 | 18,569 | 49,119 | 2,936,024 |
| Jordan River Parkway | 2,452,223 | 1,222,931 | 411,635 | 1,634,566 | 817,657 |
| Land Acquisition | 3,265,400 | - | 3,244,037 | 3,244,037 | 21,363 |
| Leonardo | 50,000 | 25,000 | 25,000 | 50,000 | - |
| Liberty Park Improvements | 11,118,288 | 9,024,565 | 1,721,798 | 10,746,363 | 371,925 |
| Liberty Wells | 250,000 | - | - | - | 250,000 |
| Library Block Reconstruction | 3,505,563 | 3,496,031 | - | 3,496,031 | 9,532 |
| Local Street Reconstruction | 5,793,041 | 2,912,504 | 1,218,976 | 4,131,480 | 1,661,561 |
| Mitigation - Foothills | 28,000 | - | - | - | 28,000 |
| Neighborhood Legacy Project | 819,338 | 319,302 | 365,675 | 684,977 | 134,361 |
| Open Space | 5,707,944 | 120,668 | - | 120,668 | 5,587,276 |
| Park Improvements | 4,250,044 | 2,123,232 | 675,246 | 2,798,478 | 1,451,566 |
| Path Study/Development | 294,349 | 176,185 | 14,337 | 190,522 | 103,827 |
| Percent for Art | 315,999 | 77,013 | 73,240 | 150,253 | 165,746 |
| Pedestrian Safety Devices | 300,000 | 76,027 | 95,656 | 171,683 | 128,317 |
| Physical Access Ramps | 500,000 | 462,540 | 36,466 | 499,006 | 994 |
| Property Management | 515,915 | 480,878 | - | 480,878 | 35,037 |
| Public Safety Radio Communication System | 3,607,600 | 605,905 | 1,695 | 607,600 | 3,000,000 |
| Quayle Avenue | 120,000 | 101,437 | 10,297 | 111,734 | 8,266 |
| Quiet Zone | 636,609 | 633,150 | 3,459 | 636,609 | - |
| Redwood Road/Dale Street | 56,000 | - | 17,546 | 17,546 | 38,454 |
| Riverside Park Improvements | 196,500 | 110,575 | 17,390 | 127,965 | 68,535 |

SALT LAKE CITY CORPORATION
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND (cont.)
As of June 30, 2006

| | Project budget | Prior years' expenditures and transfers | Current year expenditures and transfers | Total project expenditures | Project balance |
|-------------------------------|-----------------------|---|---|----------------------------------|----------------------|
| (continued) | | | | | |
| Rosewood Park Improvements | \$ 860,182 | \$ 21,082 | \$ 24,640 | \$ 45,722 | \$ 814,460 |
| Rotary Glen Park Improvements | 285,000 | 15,761 | 9,266 | 25,027 | 259,973 |
| Salt Palace Expansion | 8,000,000 | - | 8,000,000 | 8,000,000 | - |
| Sidewalk Replacement | 5,805,180 | 1,033,381 | 1,734,694 | 2,768,075 | 3,037,105 |
| South Temple Reconstruction | 1,824,429 | 1,715,701 | 10,741 | 1,726,442 | 97,987 |
| State Street Reconstruction | 895,830 | 868,386 | 978 | 869,364 | 26,466 |
| Street Lighting Improvements | 2,916,548 | 2,224,720 | 213,190 | 2,437,910 | 478,638 |
| SugarHouse Park Master Plan | 25,000 | - | 25,000 | 25,000 | - |
| Tracy Aviary | 1,416,473 | 1,011,495 | 324,193 | 1,335,688 | 80,785 |
| Traffic Calming | 628,951 | 222,021 | 184,015 | 406,036 | 222,915 |
| Traffic Island Landscaping | 123,000 | 88,710 | 4,493 | 93,203 | 29,797 |
| Traffic Signal Improvements | 1,340,000 | 590,943 | 587,170 | 1,178,113 | 161,887 |
| Tree Utah | 5,000 | - | - | - | 5,000 |
| Unity Center | 600,000 | 126,140 | 127,870 | 254,010 | 345,990 |
| Utahna Drive | 900,695 | 399,240 | 381,581 | 780,821 | 119,874 |
| Wasatch Drive Reconstruction | 51,120 | 49,092 | 1,878 | 50,970 | 150 |
| Wasatch Hollow | 40,000 | - | 31,916 | 31,916 | 8,084 |
| Total Projects | <u>\$ 160,857,777</u> | <u>\$ 58,081,422</u> | <u>\$ 48,054,808</u> | <u>\$ 106,136,230</u> | <u>\$ 54,721,547</u> |

SALT LAKE CITY CORPORATION
SCHEDULE OF PROJECT EXPENDITURES
COMMUNITY DEVELOPMENT OPERATING FUND
As of June 30, 2006

| | Project budget | Prior years' expenditures and transfers | Current year expenditures and transfers | Total project expenditures | Project balance |
|---------------------------------------|-------------------|---|---|----------------------------------|--------------------|
| Administrative Support - 31st Year | \$ 742,721 | \$ - | \$ 646,876 | \$ 646,876 | \$ 95,845 |
| Alliance House | 60,000 | - | 60,000 | 60,000 | - |
| Capitol Hill Master Plan | 70,000 | 65,838 | 4,162 | 70,000 | - |
| Capitol West Boys & Girls Club | 125,499 | 80,499 | 38,529 | 119,028 | 6,471 |
| Central City Community Center Plan | 25,000 | - | 20,000 | 20,000 | 5,000 |
| Central Community Development Plan | 10,001 | 722 | - | 722 | 9,279 |
| Centro Civico Mexicano | 36,100 | - | 41,564 | 41,564 | (5,464) |
| Cleaning/Securing Vacant Property | 190,072 | 108,880 | 8,223 | 117,103 | 72,969 |
| Community Health Center | 90,000 | - | 90,000 | 90,000 | - |
| Community Services Council | 70,468 | - | 7,486 | 7,486 | 62,982 |
| Contingency | 714,654 | 8,900 | 1,100 | 10,000 | 704,654 |
| Crossroads Urban Center Food Pantry | 16,000 | - | 16,000 | 16,000 | - |
| Emergency Home Repair (ASSIST) | 1,054,612 | 695,776 | 333,124 | 1,028,900 | 25,712 |
| Emergency Repair Fund SLC HAND | 20,000 | - | 399 | 399 | 19,601 |
| English Skills Learning Center | 5,000 | - | 5,000 | 5,000 | - |
| Family Support Center Improvements | 30,000 | 17,507 | 9,993 | 27,500 | 2,500 |
| Friendly Neighborhood Center | 120,000 | - | - | - | 120,000 |
| Guadalupe Early Learning Center | 45,000 | - | 45,000 | 45,000 | - |
| Habitat for Humanity | 28,315 | - | - | - | 28,315 |
| Head Start - Community Action Program | 107,400 | - | 107,400 | 107,400 | - |
| Housing Match - Capital Planning | 559,486 | 88,447 | 1,713 | 90,160 | 469,326 |
| Housing Outreach Rental Program | 30,000 | - | 30,000 | 30,000 | - |
| Housing Rehabilitation | 2,813,951 | 532,392 | 2,547,347 | 3,079,739 | (265,788) |
| Indian Walk-in Center | 18,000 | - | - | - | 18,000 |
| Kostopulos Dream Foundation | 13,349 | 8,349 | 5,000 | 13,349 | - |
| Lead-based Paint Training | 15,000 | 450 | - | 450 | 14,550 |
| Legal Aid Society of Utah | 10,000 | - | 10,000 | 10,000 | - |
| Lifecare Home Improvement Project | 204,560 | 128,560 | 76,000 | 204,560 | - |
| Literacy Action Center | 2,000 | - | 2,000 | 2,000 | - |
| Mobile Neighborhood Watch | 9,782 | 4,782 | 3,141 | 7,923 | 1,861 |
| Multi-Ethnic Development Corp | 5,000 | - | 5,000 | 5,000 | - |
| Multi-Family Housing | 201,422 | - | - | - | 201,422 |
| Neighborhood House | 17,300 | - | - | - | 17,300 |
| Neighborhood Housing Services | | | | | |
| Revolving Loan | 443,382 | 273,782 | 169,600 | 443,382 | - |
| Neighborhood Self-Help Grants | 29,999 | 9,315 | 264 | 9,579 | 20,420 |
| Northwest Food Bank | 25,000 | - | 25,000 | 25,000 | - |
| Northwest Multipurpose Center Plan | 40,000 | - | 30,000 | 30,000 | 10,000 |
| Odessey House | 67,375 | - | - | - | 67,375 |
| People Helping People | 23,516 | 17,266 | 5,000 | 22,266 | 1,250 |
| Rape Crisis Center | 101,991 | 64,338 | 37,653 | 101,991 | - |
| Road Home | 126,000 | - | 126,000 | 126,000 | - |
| Salt Lake Community Development Corp. | 490,000 | 214,167 | 173,543 | 387,710 | 102,290 |
| Salt Lake Donated Dental Program | 59,918 | 29,918 | 30,000 | 59,918 | - |
| Salvation Army | 60,000 | - | - | - | 60,000 |
| Sarah Daft House | 8,000 | - | 7,300 | 7,300 | 700 |
| Somali Community Development | 5,000 | - | 5,000 | 5,000 | - |
| Sorenson Computer Clubhouse | 11,650 | 11,625 | - | 11,625 | 25 |
| St. Mary's Home for Men | 23,036 | 3,334 | - | 3,334 | 19,702 |
| St. Vincent DePaul | 79,839 | 50,339 | 16,864 | 67,203 | 12,636 |
| Sugarhouse Master Plan | 86,222 | 75,967 | - | 75,967 | 10,255 |
| Tenant Home Maintenance Training | 11,000 | - | 11,000 | 11,000 | - |
| TURN Community Services | 53,000 | 17,271 | 34,832 | 52,103 | 897 |
| Utah Alcoholism Foundation | 76,098 | - | 29,107 | 29,107 | 46,991 |
| Utah Federation for Youth | 5,000 | - | 5,000 | 5,000 | - |
| Utah Heritage Foundation | 442,515 | 342,516 | - | 342,516 | 99,999 |
| Utah Non-Profit Housing | 55,000 | 30,000 | 25,000 | 55,000 | - |
| Valley Mental Health | 25,000 | - | 25,000 | 25,000 | - |
| Volunteers of America - Detox Center | 157,928 | 39,928 | 17,630 | 57,558 | 100,370 |

SALT LAKE CITY CORPORATION
SCHEDULE OF PROJECT EXPENDITURES
COMMUNITY DEVELOPMENT OPERATING FUND (cont.)
As of June 30, 2006

| | Project budget | Prior years' expenditures and transfers | Current year expenditures and transfers | Total project expenditures | Project balance |
|----------------------------------|----------------------|---|---|----------------------------------|---------------------|
| (continued) | | | | | |
| Volunteers of America - Literacy | \$ 5,000 | \$ 3,846 | \$ 1,154 | \$ 5,000 | \$ - |
| Wasatch Fish & Garden | 25,000 | 17,500 | 6,250 | 23,750 | 1,250 |
| Wasatch Homeless Health Care | 20,000 | - | 15,000 | 15,000 | 5,000 |
| Wasatch Plunge Feasibility Study | 25,000 | 12,000 | 12,118 | 24,118 | 882 |
| Weigand Homeless Day Center | 132,588 | 85,377 | 44,666 | 130,043 | 2,545 |
| Westminster Master Plan | 30,000 | 26,045 | - | 26,045 | 3,955 |
| YMCA - After School Project | 18,914 | 6,156 | 12,758 | 18,914 | - |
| YWCA - Crisis Shelter | 91,000 | 56,000 | 35,000 | 91,000 | - |
| Youth with a Voice | 15,000 | - | 15,000 | 15,000 | - |
| Total Projects: | <u>\$ 10,329,663</u> | <u>\$ 3,127,792</u> | <u>\$ 5,030,796</u> | <u>\$ 8,158,588</u> | <u>\$ 2,171,077</u> |

SALT LAKE CITY CORPORATION
SCHEDULE OF PROJECT EXPENDITURES
GRANTS OPERATING FUND
As of June 30, 2006

| | Project budget | Prior years' expenditures and transfers | Current year expenditures and transfers | Total project expenditures | Project balance |
|---|-------------------|---|---|----------------------------------|--------------------|
| Arts in Education | \$ 25,000 | \$ 23,451 | \$ - | \$ 23,451 | \$ 1,549 |
| Boarded Transitional Housing | 200,000 | 161,608 | 38,392 | 200,000 | - |
| Buffer Zone Grant | 276,417 | - | 162,424 | 162,424 | 113,993 |
| Citizen Corp Council | 32,636 | 6,469 | 3,028 | 9,497 | 23,139 |
| Clean Cities Program | 216,601 | 128,691 | 61,223 | 189,914 | 26,687 |
| Commission on Criminal and Juvenile Justice | 6,625 | - | 6,625 | 6,625 | - |
| Community Action Program | 145,000 | 18,710 | 24,562 | 43,272 | 101,728 |
| Community Development Corp | 575,000 | 227,535 | 112,500 | 340,035 | 234,965 |
| Community Oriented Policing | 420,102 | 369,158 | 50,944 | 420,102 | - |
| Crisis Intervention Training | 99,000 | 26,590 | 28,279 | 54,869 | 44,131 |
| Critical Land Inventory | 15,000 | - | 14,000 | 14,000 | 1,000 |
| Dispatch Equipment and Training | 63,553 | - | - | - | 63,553 |
| Drug Free Communities | 301,000 | 102,561 | 136,678 | 239,239 | 61,761 |
| Economic Development Initiative | 595,410 | - | 45,745 | 45,745 | 549,665 |
| EDGAR Grant | 1,990,751 | 1,082,492 | 624,523 | 1,707,015 | 283,736 |
| Emergency Medical Services | 1,414,213 | 1,148,162 | 56,153 | 1,204,315 | 209,898 |
| Emergency Preparedness Grant | 42,038 | - | 35,466 | 35,466 | 6,572 |
| Emergency Shelter Grant | 363,573 | 174,396 | 179,643 | 354,039 | 9,534 |
| Fire Department Assistance Grant | 108,719 | - | - | - | 108,719 |
| Fire Prevention and Safety Grant | 37,612 | 29,967 | - | 29,967 | 7,645 |
| Gateway Brownsfield Grant | 299,989 | 197,276 | 36,175 | 233,451 | 66,538 |
| Grants to Encourage Arrest | 500,493 | 174,208 | 225,942 | 400,150 | 100,343 |
| Hazardous Materials Mitigation Grant | 113,931 | 58,295 | 6,000 | 64,295 | 49,636 |
| Hear Our Voices | 26,000 | 24,588 | 1,396 | 25,984 | 16 |
| HIDTA Grant | 419,627 | 201,409 | 172,630 | 374,039 | 45,588 |
| Historic Planning and Preservation | 63,877 | 37,310 | - | 37,310 | 26,567 |
| Home | 3,325,415 | 1,686,150 | 158,496 | 1,844,646 | 1,480,769 |
| Homeland Security Grant | 1,336,634 | 773,641 | 576,757 | 1,350,398 | (13,764) |
| Housing Authority | 104,765 | - | 104,765 | 104,765 | - |
| Housing Opportunities for Persons with AIDS | 1,376,210 | 654,323 | 433,418 | 1,087,741 | 288,469 |
| Housing Trust Fund | 13,937,302 | 3,499,901 | 10,437,401 | 13,937,302 | - |
| Imagination Celebration | 7,500 | - | - | - | 7,500 |
| Improving Crime Data Crime Analysis | 34,920 | - | - | - | 34,920 |
| Intel Computer Clubhouse | 15,000 | 12,593 | 844 | 13,437 | 1,563 |
| Justice Assistance Grant | 528,048 | - | 410,398 | 410,398 | 117,650 |
| Law Enforcement Technology Grant | 493,322 | - | 299,755 | 299,755 | 193,567 |
| Law Enforcement Terrorism Prevention | 332,648 | 126,761 | 205,887 | 332,648 | - |
| Lead Based Paint Program | 503,300 | 95,441 | 83,133 | 178,574 | 324,726 |
| Local Law Enforcement Block Grant | 672,177 | 520,584 | 112,490 | 633,074 | 39,103 |
| Metro Fire Investigations Task Force | 15,000 | - | - | - | 15,000 |
| Metropolitan Medical Response System | 1,507,593 | 600,853 | 491,248 | 1,092,101 | 415,492 |
| Microsoft Unlimited Potential | 30,000 | - | 26,130 | 26,130 | 3,870 |
| Neighborhood Housing Service | 1,954,613 | 608,252 | 633,074 | 1,241,326 | 713,287 |
| Parley's Tunnel | 100,000 | - | - | - | 100,000 |
| Pedestrian Crossing Design Committee | 86,251 | 53,029 | - | 53,029 | 33,222 |
| Pioneer Park Use Plan | 60,000 | 59,108 | - | 59,108 | 892 |
| Project Safe Neighborhood | 86,000 | 20,090 | 28,327 | 48,417 | 37,583 |
| Refugee Consortium Grant | 532,723 | 524,252 | - | 524,252 | 8,471 |
| Revolving Loan Fund - UDAG | 5,137,128 | 1,908,938 | 326,711 | 2,235,649 | 2,901,479 |
| River Park Program Income | 1,683,096 | (17,237) | 1,700,333 | 1,683,096 | - |
| Road Home | 150,000 | 49,937 | 92,563 | 142,500 | 7,500 |
| Safe Street Program | 50,000 | 48,833 | - | 48,833 | 1,167 |
| Salt Lake City Green | 25,000 | - | 11,239 | 11,239 | 13,761 |
| Solar Roof Partnership | 90,000 | 40,285 | 9,694 | 49,979 | 40,021 |
| Traffic Management Grant | 45,000 | 16,000 | 29,000 | 45,000 | - |
| Utal Alcoholism Foundation | 62,348 | 699 | 60,311 | 61,010 | 1,338 |
| Utah Non-profit Housing | 44,000 | 12,850 | 24,043 | 36,893 | 7,107 |
| Victim of Crime | 154,540 | 86,872 | 52,072 | 138,944 | 15,596 |
| Violence Against Women | 172,483 | 31,582 | 51,302 | 82,884 | 89,599 |

SALT LAKE CITY CORPORATION
SCHEDULE OF PROJECT EXPENDITURES
GRANTS OPERATING FUND (cont.)
As of June 30, 2006

| | Project budget | Prior years' expenditures and transfers | Current year expenditures and transfers | Total project expenditures | Project balance |
|-------------------------------|-------------------|---|---|----------------------------------|--------------------|
| (continued) | | | | | |
| Water Efficiency | \$ 530,000 | \$ - | \$ - | \$ - | \$ 530,000 |
| Weed and Seed | 1,174,999 | 806,811 | 220,906 | 1,027,717 | 147,282 |
| Workforce Services | 2,107 | 1,834 | - | 1,834 | 273 |
| Youth City Employment Program | 25,000 | - | - | - | 25,000 |
| <hr/> | | | | | |
| Total Projects: | \$ 44,737,289 | \$ 16,415,258 | \$ 18,602,625 | \$ 35,017,883 | \$ 9,719,406 |

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Impact Fee Schedules

General Fund/Capital Improvement Fund Impact Fees
Revenue and Actual Expenditures
For the period ending June 30, 2006

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | Total |
|--------------------------|------|----------|------------|------------|------------|------------|------------|------------|--------------|
| Police | | | | | | | | | |
| Fees Collected | \$ - | \$ 1,260 | \$ 255,432 | \$ 144,755 | \$ 210,888 | \$ 290,266 | \$ 307,607 | \$ 547,295 | \$ 1,757,503 |
| Interest Income | - | - | 5,068 | 10,474 | 11,412 | 6,497 | 8,548 | 26,685 | 68,684 |
| Project Expenditures | - | - | - | (37,263) | - | (434,160) | (14,806) | (191,043) | (677,272) |
| Impact fee balance | - | 1,260 | 260,500 | 117,966 | 222,300 | (137,397) | 301,349 | 382,937 | 1,148,915 |
| Fire | | | | | | | | | |
| Fees Collected | - | 1,410 | 277,654 | 163,730 | 228,545 | 305,412 | 330,093 | 593,752 | 1,900,596 |
| Interest Income | - | 28 | 5,512 | 11,473 | (1,515) | 770 | 19,415 | 59,476 | 95,159 |
| Project Expenditures | - | - | - | (40,158) | (34,617) | - | (9,106) | (4,642) | (88,523) |
| Impact fee balance | - | 1,438 | 283,166 | 135,045 | 192,413 | 306,182 | 340,402 | 648,586 | 1,907,232 |
| Parks | | | | | | | | | |
| Fees Collected | - | 2,670 | 83,895 | 186,063 | 78,765 | 202,475 | 81,605 | 213,778 | 849,251 |
| Interest Income | - | 64 | 2,011 | 4,294 | 6,228 | 6,646 | 3,561 | 10,181 | 32,985 |
| Project Expenditures | - | - | - | (70,574) | - | - | (23,262) | (113,229) | (207,065) |
| Impact fee balance | - | 2,734 | 85,906 | 119,783 | 84,993 | 209,121 | 61,904 | 110,730 | 675,171 |
| Parks Surcharge | | | | | | | | | |
| Fees Collected | - | - | - | - | - | - | - | - | - |
| Interest Income | - | - | - | - | - | - | - | - | - |
| Project Expenditures | - | - | - | - | - | - | - | - | - |
| Impact fee balance | - | - | - | - | - | - | - | - | - |
| Streets | | | | | | | | | |
| Fees Collected | - | - | 365,501 | 130,583 | 175,096 | 266,585 | 680,409 | 1,291,481 | 2,909,655 |
| Interest Income | - | - | 6,275 | 13,036 | 8,032 | 12,243 | 18,545 | 74,887 | 133,018 |
| Project Expenditures | - | - | - | (262,005) | - | - | (7,638) | (44,475) | (314,118) |
| Impact fee balance | - | - | 371,776 | (118,386) | 183,128 | 278,828 | 691,316 | 1,321,893 | 2,728,555 |
| Streets Surcharge | | | | | | | | | |
| Fees Collected | - | - | - | - | - | - | - | - | - |
| Interest Income | - | - | - | - | - | - | - | - | - |
| Project Expenditures | - | - | - | - | - | - | - | - | - |
| Impact fee balance | - | - | - | - | - | - | - | - | - |

Total Impact Fees Collected \$ 7,746,851
Total Spent (1,286,978)
Remaining Balance \$ 6,459,873

General Fund/Capital Improvement Fund Impact Fees
Remaining and Projected Project Budgets
For the period ending June 30, 2006

| | Remaining Budget 2006 | Budgeted 2007 | Projected Budget 2008 | Projected Budget 2009 | Projected Budget 2010 | Projected Budget 2011 | Projected Budget 2012 | Projected Budget 2013 | Total |
|------------------------------------|-----------------------------|------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------|
| Police | | | | | | | | | |
| Liberty Park Precinct | - | - | 870,000 | - | - | - | - | - | 870,000 |
| Fleet Street Facility | 213,000 | - | 54,180 | - | - | - | - | - | 267,180 |
| Public Safety Building | 61,473 | - | 4,845,000 | - | - | - | - | - | 4,906,473 |
| Project balance | 274,473 | - | 5,769,180 | - | - | - | - | - | 6,043,653 |
| Fire | | | | | | | | | |
| Fire Train Facility | - | - | 527,025 | - | - | - | - | - | 527,025 |
| Fleet Street Facility | 71,000 | - | 54,180 | - | - | - | - | - | 125,180 |
| Project balance | 71,000 | - | 581,205 | - | - | - | - | - | 652,205 |
| Parks | | | | | | | | | |
| Northwest Multicultural Center | - | - | 250,000 | - | - | - | - | - | 250,000 |
| Fleet Street Facility | 71,000 | - | 54,180 | - | - | - | - | - | 125,180 |
| Splash Parks | - | - | - | - | - | 80,000 | - | - | 80,000 |
| Open Space Acquisition | - | - | 250,000 | - | - | 200,000 | - | 200,000 | 650,000 |
| Recreation Center | - | - | - | - | 1,000,000 | - | - | - | 1,000,000 |
| Youth Centers | - | - | - | - | 37,500 | - | 37,500 | - | 75,000 |
| Jordan River Trail Lighting | 21,864 | - | 65,000 | - | - | 54,750 | - | - | 141,614 |
| Jordan River Trailhead | 118,998 | - | - | - | - | - | - | - | 118,998 |
| Jordan River Trailway Improvements | 152,917 | 300,000 | 212,500 | - | - | - | - | - | 665,417 |
| Project balance | 364,779 | 300,000 | 831,680 | - | 1,037,500 | 334,750 | 37,500 | 200,000 | 3,106,209 |
| Parks Surcharge | | | | | | | | | |
| Project balance | - | - | - | - | - | - | - | - | - |
| Streets | | | | | | | | | |
| Fleet Street Facility | 142,000 | - | 112,230 | - | - | - | - | - | 254,230 |
| Gladiola Street | 86,667 | - | - | 1,152,000 | - | - | - | - | 1,238,667 |
| California Avenue | - | 1,000,000 | - | - | - | - | - | - | 1,000,000 |
| 700 South Street/Railroad | 200,000 | - | - | - | - | 2,000,000 | - | - | 2,200,000 |
| Project balance | 428,667 | 1,000,000 | 112,230 | 1,152,000 | - | 2,000,000 | - | - | 4,692,897 |
| Streets Surcharge | | | | | | | | | |
| Project balance | - | - | - | - | - | - | - | - | - |

Water Utility Fund Impact Fees
Revenue and Actual Expenditures
For the period ending June 30, 2006

| Fiscal year Received | Beginning Balance Impact Fee Rev | Collected during Year | Expended on Projects | Interest earned Fiscal year | End of Year Impact Fee Balance |
|-------------------------|-------------------------------------|--------------------------|-------------------------|--------------------------------|-----------------------------------|
| 2000 | \$ - | \$ 359,674 | \$ (21,611) | \$ 177,388 | \$ 515,451 |
| 2001 | 515,451 | 3,557,659 | - | 266,158 | 4,339,268 |
| 2002 | 4,339,268 | 691,203 | (3,154,189) | 150,720 | 2,027,002 |
| 2003 | 2,027,002 | 526,172 | - | 60,188 | 2,613,362 |
| 2004 | 2,613,362 | 902,271 | - | 64,799 | 3,580,432 |
| 2005 | 3,580,432 | 1,134,300 | (1,587,142) | 104,141 | 3,231,731 |
| 2006 | 3,231,731 | 1,714,580 | - | 172,554 | 5,118,864 |
| | | <u>\$ 8,885,859</u> | <u>\$ (4,762,942)</u> | <u>\$ 995,947</u> | <u>\$ 5,118,864</u> |

Year of legislation enacting 6 year rule

| | | |
|-----------------------------|---------------------|----------------------------------|
| Total Impact fees Collected | \$ 9,881,806 | Water Master Plan Improvements |
| Spent | (4,762,942) | New Lines and capacity Increases |
| Balance | <u>\$ 5,118,864</u> | |

| Projects | Actual 2006 | Budgeted 2007 | Budgeted 2008 | Budgeted 2009 | Total |
|--------------------------------|-------------|---------------------|-------------------|-------------------|---------------------|
| Millcreek Water System Upgrade | \$ - | \$ 3,239,296 | \$ - | \$ - | 3,239,296 |
| New 70th South Pump Station | - | 565,000 | - | - | 565,000 |
| New 7800 South Pump Station | - | - | 500,000 | - | 500,000 |
| North Bench Pump Station | - | - | - | 814,568 | 814,568 |
| Total | <u>\$ -</u> | <u>\$ 3,804,296</u> | <u>\$ 500,000</u> | <u>\$ 814,568</u> | <u>\$ 5,118,864</u> |

Sewer Utility Fund Impact Fees
Revenue and Actual Expenditures
For the period ending June 30, 2006

| Fiscal year Received | Beginning Balance Impact Fee Rev | Collected during Year | Expended on Projects | Interest earned Fiscal year | End of Year Impact Fee Balance |
|-------------------------|-------------------------------------|--------------------------|-------------------------|--------------------------------|-----------------------------------|
| 2000 | \$ - | \$ 2,510,478 | \$ - | \$ 142,218 | \$ 2,652,695 |
| 2001 | 2,652,695 | 611,925 | - | 179,338 | 3,443,958 |
| 2002 | 3,443,958 | 640,890 | - | 115,317 | 4,200,164 |
| 2003 | 4,200,164 | 218,305 | - | 108,461 | 4,526,930 |
| 2004 | 4,526,930 | 487,310 | - | 97,078 | 5,111,319 |
| 2005 | 5,111,319 | 368,545 | (6,948,063) | 131,017 | - |
| 2006 | - | 662,044 | - | 15,541 | 677,585 |
| | | <u>\$ 5,499,497</u> | <u>\$ (6,948,063)</u> | <u>\$ 788,969</u> | <u>\$ 677,585</u> |

Total Impact fees Collected
Force Main - project \$ 6,288,466
Congeneration System (2,505,878)
Balance (4,442,185)
\$ 677,585

| Projects | Actual 2006 | Budgeted 2007 | Budgeted 2008 | Total |
|-----------------------------------|-------------|-------------------|---------------|-------------------|
| Secondary Treatment Plant Upgrade | \$ - | \$ 677,585 | \$ - | \$ 677,585 |
| Total | <u>\$ -</u> | <u>\$ 677,585</u> | <u>\$ -</u> | <u>\$ 677,585</u> |

| Fiscal year Received | Beginning Balance Impact Fee Rev | Collected during Year | Expended on Projects | Interest earned Fiscal year | End of Year Impact Fee Balance |
|-------------------------|-------------------------------------|--------------------------|-------------------------|--------------------------------|-----------------------------------|
| 2000 | \$ - | \$ 35,610 | - | \$ 567 | \$ 36,177 |
| 2001 | 36,177 | 545,428 | - | 22,517 | 604,123 |
| 2002 | 604,123 | 224,276 | - | 21,976 | 850,375 |
| 2003 | 850,375 | 259,725 | - | 24,264 | 1,134,364 |
| 2004 | 1,134,364 | 200,655 | - | 25,694 | 1,360,713 |
| 2005 | 1,360,713 | 821,920 | - | 40,462 | 2,223,095 |
| 2006 | 2,223,095 | 657,417 | - | 102,609 | 2,983,121 |
| | | <u>\$ 2,745,031</u> | <u>-</u> | <u>\$ 238,090</u> | <u>\$ 2,983,121</u> |

| Projects | Actual 2006 | Budgeted 2007 | Budgeted 2008 | Total |
|-----------------------------------|-------------|---------------|---------------|--------------|
| New 900 South Storm Drain Project | \$ - | \$ 2,983,121 | \$ - | \$ 2,983,121 |
| Total | \$ - | \$ 2,983,121 | \$ - | \$ 2,983,121 |

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STATISTICAL SECTION

(unaudited)

This part of the Salt Lake City Corporation's Comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

| | |
|--|------|
| Financial Trends | S-1 |
| These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. | |
| Revenue Capacity | S-9 |
| These schedules contain information to help the reader assess the city's Most significant local revenue source, the property tax. | |
| Debt Capacity | S-13 |
| These schedules present information to help the reader assess the Affordability of the city's current levels of outstanding debt and the City's ability to issue additional debt in the future | |
| Demographic and Economic Information | S-18 |
| This schedule offers demographic and economic indicators to help the Reader understand the environment within which the city's financial activities take place. | |
| Operating Information | S-19 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs. | |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Salt Lake City Corporation
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Governmental Activities | | | | | |
| Investment in capital assets, net of related debt | \$ 290,429 | \$ 335,869 | \$ 323,869 | \$ 358,064 | \$ 382,648 |
| Restricted | 5,414 | 7,720 | 9,194 | 7,756 | 7,730 |
| Unrestricted | 194,236 | 87,794 | 119,281 | 126,234 | 77,575 |
| Total governmental activities net assets | <u>\$ 490,079</u> | <u>\$ 431,383</u> | <u>\$ 452,344</u> | <u>\$ 492,054</u> | <u>\$ 467,953</u> |
| Business-type activities | | | | | |
| Invested in capital assets, net of related debt | \$ 828,734 | \$ 820,939 | \$ 907,775 | \$ 982,029 | \$ 1,049,032 |
| Restricted | 42,863 | 61,146 | 54,288 | 23,327 | 39,295 |
| Unrestricted | 206,151 | 264,419 | 248,632 | 281,695 | 314,737 |
| Total business-type activities net assets | <u>\$ 1,077,748</u> | <u>\$ 1,146,504</u> | <u>\$ 1,210,695</u> | <u>\$ 1,287,051</u> | <u>\$ 1,403,063</u> |
| Primary Government | | | | | |
| Invested in capital assets, net of related debt | \$ 1,119,163 | \$ 1,156,808 | \$ 1,231,644 | \$ 1,340,093 | \$ 1,431,680 |
| Restricted | 48,277 | 68,866 | 63,482 | 31,083 | 47,025 |
| Unrestricted | 400,387 | 352,213 | 367,913 | 407,929 | 392,311 |
| Total primary government net assets | <u>\$ 1,567,827</u> | <u>\$ 1,577,887</u> | <u>\$ 1,663,039</u> | <u>\$ 1,779,105</u> | <u>\$ 1,871,016</u> |

Salt Lake City Corporation
Change in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | | | |
|--|-------------|------------|------------|------------|------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| General Government | | | | | |
| City Council | \$ 740 | \$ 1,105 | \$ 2,013 | \$ 1,821 | \$ 13,426 |
| Mayor | 1,311 | 1,563 | 1,338 | 1,546 | 1,605 |
| City Attorney | 1,557 | 1,524 | 1,408 | 1,470 | 1,694 |
| Management Services | 2,749 | 3,713 | 3,441 | 3,572 | 4,318 |
| Fire | 13,358 | 12,997 | 11,020 | 10,644 | 10,647 |
| Police | 27,594 | 26,930 | 27,506 | 27,894 | 30,688 |
| Community and Economic Development | 47,059 | 44,768 | 46,482 | 48,720 | 51,487 |
| Public Services | 20,923 | 19,990 | 17,910 | 17,367 | 28,093 |
| Nondepartmental | 36,277 | 37,622 | 33,500 | 38,931 | 47,110 |
| Unallocated infrastructure depreciation | 9,784 | 11,451 | 10,504 | 12,291 | - |
| Interest on long-term debt | 6,047 | 5,610 | 6,461 | 7,032 | 5,116 |
| Total governmental activities expenses | 11,205 | 8,953 | 10,618 | 11,329 | 7,854 |
| Business-type activities: | \$ 178,604 | \$ 176,226 | \$ 172,201 | \$ 182,617 | \$ 202,039 |
| Water | \$ 35,314 | \$ 34,830 | \$ 35,574 | \$ 38,001 | \$ 44,384 |
| Airport Authority | 94,684 | 104,468 | 110,013 | 104,371 | 113,981 |
| Sewer (2) | - | - | - | 12,641 | 12,646 |
| Housing (3) | - | - | - | - | 1,003 |
| Redevelopment Agency | 16,497 | 18,340 | 13,403 | 17,168 | 15,942 |
| Intermodal Hub (4) | - | - | - | - | 2,116 |
| Storm Water (4) | - | - | - | - | 4,442 |
| Refuse (4) | - | - | - | - | 11,322 |
| Golf (4) | - | - | - | - | 8,476 |
| Other activities (4) | 33,047 | 32,538 | 31,357 | 19,221 | - |
| Total business-type activities expenses | 179,542 | 190,176 | 190,347 | 191,402 | 214,312 |
| Total primary government expenses | \$ 358,146 | \$ 366,402 | \$ 362,548 | \$ 374,019 | \$ 416,351 |
| Program Revenues | | | | | |
| Charges for Services | \$ 42,140 | \$ 36,704 | \$ 38,368 | \$ 61,919 | \$ 49,669 |
| Operating Grants and Contributions | 9,945 | 10,741 | 17,492 | 14,424 | 17,798 |
| Capital Grants and Contributions | 6,487 | 8,075 | 7,724 | 5,796 | 4,805 |
| Total governmental activities program revenues | \$ 58,572 | \$ 55,520 | \$ 63,584 | \$ 82,139 | \$ 72,273 |

Salt Lake City Corporation
Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 1,752 | \$ 1,746 | \$ 7,280 | \$ 9,129 | \$ 4,058 | \$ 2,552 | \$ 1,095 | \$ 1,443 | \$ 2,527 | \$ 2,818 |
| Unreserved | 15,965 | 15,368 | 13,119 | 17,569 | 21,431 | 28,600 | 22,012 | 19,972 | 26,631 | 28,761 |
| Total General Fund | <u>\$ 17,717</u> | <u>\$ 17,114</u> | <u>\$ 20,399</u> | <u>\$ 26,698</u> | <u>\$ 25,489</u> | <u>\$ 31,152</u> | <u>\$ 23,107</u> | <u>\$ 21,415</u> | <u>\$ 29,158</u> | <u>\$ 31,580</u> |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ 22,697 | \$ 22,282 | \$ 20,829 | \$ 105,648 (2) | \$ 28,339 | \$ 28,101 | \$ 26,683 | \$ 41,830 | \$ 37,444 | \$ 7,193 |
| Unreserved, reported in: | | | | | | | | | | |
| Capital projects funds | 9,274 | 11,476 | 19,997 | 22,635 | 90,163 (2) | 50,554 | 27,842 | 29,642 | 27,234 | 27,140 |
| Special revenue funds | 8,495 | 11,597 | 13,939 | 16,858 | 18,239 | 20,742 | 20,501 | 23,795 | 23,444 | 17,852 |
| Debt service funds | | - | - | - | - | 97 | 349 | 341 | 869 | 1,013 |
| Total all other governmental funds | <u>\$ 40,466</u> | <u>\$ 45,355</u> | <u>\$ 54,765</u> | <u>\$ 145,141</u> | <u>\$ 136,741</u> | <u>\$ 99,494</u> | <u>\$ 75,375</u> | <u>\$ 95,608</u> | <u>\$ 88,991</u> | <u>\$ 53,197</u> |

(1) - Increase due to 2002 Winter Olympics

(2) - Increase due to bonding for new Downtown Library

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Salt Lake City Corporation
Changes in Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenues: | | | | | | | | | | |
| General property taxes | \$ 38,687 | \$ 40,414 | \$ 43,042 | \$ 53,452 | \$ 56,262 | \$ 58,584 | \$ 59,724 | \$ 63,243 | \$ 64,473 | \$ 63,305 |
| Sales, Use and excise taxes | 34,495 | 37,939 | 39,212 | 40,320 | 42,731 | 45,602 | 41,889 | 41,097 | 44,999 | 48,933 |
| Franchise taxes | 16,763 | 15,465 | 16,360 | 16,426 | 19,432 | 20,832 | 20,679 | 21,532 | 23,194 | 23,929 |
| Licenses | 4,564 | 4,580 | 4,696 | 4,943 | 5,327 | 5,969 | 5,430 | 5,540 | 5,505 | 5,779 |
| Permits | 3,642 | 4,551 | 3,987 | 4,645 | 6,347 | 4,395 | 3,751 | 4,460 | 6,881 | 9,940 |
| Fines and forfeitures | 929 | 1,053 | 1,669 | 2,610 | 3,885 | 3,447 | 5,564 | 5,744 | 5,656 | 6,268 |
| Assessments | 1,867 | 1,748 | 1,441 | 1,193 | 1,453 | 1,266 | 1,543 | 2,100 | 19,046 | 1,597 |
| Interest | 4,189 | 4,679 | 4,724 | 9,521 | 9,892 | 7,720 | 3,833 | 3,296 | 4,685 | 4,834 |
| Intergovernmental | 16,795 | 22,444 | 23,377 | 23,064 | 25,733 | 22,130 | 21,726 | 20,326 | 20,479 | 21,175 |
| Interfund service charges | 5,954 | 6,223 | 6,532 | 6,658 | 6,761 | 9,053 | 8,057 | 8,158 | 8,689 | 8,864 |
| Parking meter | 1,204 | 1,092 | 1,069 | 1,231 | 1,257 | 1,171 | 1,160 | 1,197 | 1,288 | 1,454 |
| Parking ticket | 3,408 | 3,529 | 3,359 | 3,526 | 3,374 | 2,813 | 3,445 | 3,913 | 3,669 | 3,135 |
| Charges for services | 4,841 | 5,270 | 3,996 | 3,765 | 3,160 | 6,105 | 3,993 | 3,710 | 3,633 | 3,574 |
| Contributions | 320 | 383 | 522 | 390 | 367 | 4,899 | 1,261 | 5,732 | 1,502 | 3,082 |
| Miscellaneous | 880 | 1,277 | 1,916 | 2,870 | 1,632 | 2,462 | 2,283 | 2,361 | 1,560 | 3,326 |
| Total Revenues | 138,538 | 150,647 | 155,902 | 174,614 | 187,613 | 196,448 | 184,338 | 192,409 | 215,259 | 209,195 |
| Expenditures | | | | | | | | | | |
| City Council | 1,206 | 1,315 | 1,374 | 1,467 | 1,220 | 1,289 | 1,513 | 1,328 | 1,541 | 1,519 |
| Mayor | 1,225 | 1,325 | 1,259 | 1,385 | 1,443 | 1,549 | 1,486 | 1,414 | 1,460 | 1,558 |
| City Attorney | 1,708 | 1,922 | 1,894 | 2,156 | 2,082 | 2,500 | 2,565 | 2,757 | 2,925 | 3,285 |
| Management Services | 5,802 | 6,501 | 5,691 | 6,152 | 7,453 | 13,400 | 8,820 | 8,920 | 9,278 | 9,589 |
| Fire | 21,895 | 22,918 | 23,816 | 23,820 | 24,962 | 26,924 | 26,136 | 27,526 | 27,322 | 29,154 |
| Police | 34,541 | 36,448 | 36,630 | 39,663 | 40,144 | 44,051 | 42,602 | 44,055 | 46,057 | 47,712 |
| Community and Economic Development | 8,978 | 17,073 | 22,622 | 21,506 | 16,705 | 19,854 | 18,419 | 17,101 | 16,197 | 18,174 |
| Public Services | 27,361 | 22,310 | 22,473 | 23,969 | 28,060 | 31,975 | 32,844 | 34,610 | 34,902 | 36,784 |
| Internal Audit | 183 | 256 | 288 | 296 | 281 | - | - | - | - | - |
| Arts Council | 333 | 365 | 420 | 285 | 287 | 813 | 824 | 840 | 1,052 | 1,226 |
| Nondepartmental | 8,142 | 8,728 | 9,512 | 9,433 | 8,782 | 9,787 | 11,449 | 10,509 | 12,291 | 12,725 |
| Capital outlay | 15,897 | 20,827 | 24,289 | 24,035 | 37,760 | 58,292 | 52,550 | 32,858 | 22,847 | 33,275 |
| Debt service: | | | | | | | | | | |
| Principal | 2,547 | 2,668 | 2,713 | 6,133 | 5,718 | 5,686 | 58,332 | 6,313 | 29,829 | 9,991 |
| Interest and other fiscal charges | 2,337 | 2,217 | 2,084 | 5,037 | 5,641 | 6,613 | 5,421 | 6,602 | 8,332 | 7,188 |
| Total expenditures | 132,155 | 144,873 | 155,065 | 165,337 | 180,538 | 222,733 | 262,961 | 194,833 | 214,033 | 212,181 |
| Excess of revenues over (under) expenditures | 6,383 | 5,774 | 837 | 9,277 | 7,075 | (26,285) | (78,623) | (2,424) | 1,226 | (2,985) |

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|----------|----------|-----------|-----------|------------|-------------|-------------|-----------|-----------|-------------|
| Other financing sources (uses): | | | | | | | | | | |
| Issuance of debt | 372 | 726 | - | 86,334 | 65 | 705 | 54,216 | 30,179 | 68,666 | 472 |
| Premiums from issuance of debt | - | - | - | - | - | - | - | 99 | - | - |
| Proceeds fro sale of property | 670 | 1,262 | 15,644 | 7,119 | 723 | 982 | 920 | 561 | 1,705 | 579 |
| Operating transfers in | 15,764 | 20,309 | 19,101 | 30,967 | 38,696 | 37,454 | 45,625 | 36,616 | 35,844 | 51,160 |
| Operating transfers out | (18,969) | (23,532) | (22,885) | (37,021) | (56,168) | (45,474) | (54,302) | (46,492) | (106,314) | (62,013) |
| Total other financing sources (uses) | (2,163) | (1,235) | 11,860 | 87,399 | (16,684) | (6,333) | 46,459 | 20,963 | (99) | (9,802) |
| Net change in fund balances | \$ 4,220 | \$ 4,539 | \$ 12,697 | \$ 96,676 | \$ (9,609) | \$ (32,618) | \$ (32,164) | \$ 18,539 | \$ 1,127 | \$ (12,788) |

| | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|--------|-------|--------|--------|
| Debt service as a percentage of noncapital expenditures | 4.39% | 4.10% | 3.81% | 8.58% | 8.64% | 5.84% | 43.47% | 8.66% | 24.94% | 10.62% |
|---|-------|-------|-------|-------|-------|-------|--------|-------|--------|--------|

Salt Lake City Corporation
Governmental Activities Tax Revenues By Source
Last Four Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| Fiscal Year | Property Tax | Franchise Tax | Sales Tax | Total |
|------------------------|-------------------------|--------------------------|----------------------|--------------|
| 2002 | \$ 59,724 | \$ 20,678 | \$ 41,889 | \$ 122,291 |
| 2003 | 59,724 | 20,678 | 41,899 | 122,301 |
| 2004 | 63,243 | 21,533 | 41,097 | 125,873 |
| 2005 | 66,696 | 23,194 | 44,999 | 134,889 |
| 2006 | 64,341 | 23,929 | 48,933 | 137,204 |

Salt Lake City Corporation
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last ten fiscal years
 (dollars are expressed in thousands)
 (unaudited)

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Taxable value * | \$9,884,430 | \$11,058,957 | \$11,673,642 | \$12,818,430 | \$12,130,282 | \$12,654,482 | \$12,726,186 | \$12,561,679 | \$12,543,350 | \$13,302,064 |
| Estimated actual value | \$10,765,856 | \$13,928,157 | \$16,449,222 | \$15,425,555 | \$17,356,457 | \$18,075,984 | \$18,480,005 | \$17,945,256 | \$17,996,198 | \$17,516,077 |
| Ratio of assessed value to estimated actual value | 91.8% | 79.4% | 71.0% | 83.1% | 69.9% | 70.0% | 68.9% | 70.0% | 69.7% | 75.9% |
| Total Direct Tax Rate | 0.003854 | 0.003627 | 0.003802 | 0.004126 | 0.004131 | 0.004296 | 0.004457 | 0.004681 | 0.004681 | 0.004488 |

* Note:
 All taxable property is assessed and taxed on the basis of its fair market value. Utah law requires that the fair market value of property that is assessed by county assessors using a comparable sales or a cost appraisal method exclude expenses related to property sales transactions. For tax purposes, the fair market value of primary residential property is reduced by 45% under present law. Taxable value is net of Redevelopment Agency value

Salt Lake City Corporation
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rates per \$1 of assessed value)

| Fiscal Year | Total Direct | Overlapping Rates | | | | | | |
|----------------|-----------------|---------------------------|---------------------------|---------------------|-----------------------------------|---------------------------------------|-----------------------------------|--|
| | | Salt Lake City Library | Salt Lake City Schools | Salt Lake County | Mosquito Abatement District | Central Utah Water Conservation | Metropolitan Water District | |
| | | | | | | | | |
| 1997 | 0.003854 | 0.000808 | 0.006268 | 0.003782 | 0.000082 | 0.000342 | 0.000312 | |
| 1998 | 0.003627 | 0.000760 | 0.005907 | 0.003551 | 0.000077 | 0.000400 | 0.000294 | |
| 1999 | 0.003802 | 0.000749 | 0.005907 | 0.002805 | 0.000080 | 0.000397 | 0.000289 | |
| 2000 | 0.004126 | 0.000829 | 0.005859 | 0.003246 | 0.000076 | 0.000396 | 0.000286 | |
| 2001 | 0.004131 | 0.000785 | 0.005741 | 0.002904 | 0.000073 | 0.000377 | 0.000271 | |
| 2002 | 0.004296 | 0.000773 | 0.005585 | 0.003025 | 0.000072 | 0.003690 | 0.000267 | |
| 2003 | 0.004457 | 0.000755 | 0.005528 | 0.002939 | 0.000070 | 0.000358 | 0.000261 | |
| 2004 | 0.004681 | 0.000777 | 0.006018 | 0.002868 | 0.000072 | 0.000358 | 0.000269 | |
| 2005 | 0.004580 | 0.000887 | 0.005992 | 0.002816 | 0.000138 | 0.000353 | 0.000264 | |
| 2006 | 0.004488 | 0.000869 | 0.006040 | 0.002682 | 0.000060 | 0.000400 | - | |

Source: Salt Lake County Comprehensive Annual Financial Report

Salt Lake City Corporation
Principal Property Tax Payers
Current Year and Nine Years Ago

| | December 31, 2005 taxable valuation | | | December 31, 1997 taxable value | | |
|-----------------------------------|-------------------------------------|------|---|---------------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| <u>Taxpayer</u> | | | | | | |
| Sky West Airlines | \$ 431,100,985 | 1 | 4.4 | \$ - | | |
| LDS Church (Deseret Title, Etc.) | 396,100,360 | 2 | 4.0 | 355,985,790 | 2 | 3.6 |
| Delta Air Lines | 297,702,376 | 3 | 3.0 | | | |
| Pacificorp | 297,200,825 | 4 | 3.0 | 298,308,040 | 3 | 3.0 |
| Qwest Corporation | 193,391,510 | 5 | 2.0 | 370,620,640 | 1 | |
| Inland Western Salt City Gateway | 146,415,000 | 6 | 1.5 | | | |
| Wasatch Plaza Holding | 121,113,300 | 7 | 1.2 | | | |
| Miller Family Real Estate | 97,106,500 | 8 | 1.0 | | | |
| Questar Gas | 82,009,416 | 9 | 0.8 | 79,401,010 | 6 | 0.8 |
| Grand America Hotel Company | 81,397,400 | 10 | 0.8 | | | |
| Crossroads Plaza | | | | 170,216,100 | 4 | 1.7 |
| American Telephone and Telegraph | | | | 155,248,400 | 5 | 1.6 |
| Little America Hotel Corporation | | | | 76,909,500 | 7 | 0.8 |
| Salt Lake Regional Medical Center | | | | 66,227,050 | 8 | 0.7 |
| Boyer Block 57 Associates | | | | 54,267,700 | 9 | 0.5 |
| Marriot Hotel | | | | 48,937,800 | 10 | 0.5 |
| | <u>\$ 2,143,537,672</u> | | | <u>\$ 1,676,122,030</u> | | |

Taxable Value

\$ 13,302,063,828

\$ 9,880,178,756

Salt Lake City Corporation
Property Tax Levies and Collections
Last Ten Years
(amounts expressed in thousands)

| Fiscal Year Ended June 30, | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collection in Subsequent Years | Total Collections to Date | |
|-------------------------------------|--------------------------------------|---|-----------------------|-----------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 1997 | \$ 36,372 | \$ 35,596 | 97.9 % | 389 | \$ 35,985 | 98.9 % |
| 1998 | 40,300 | 39,515 | 98.1 | 572 | 40,087 | 99.5 |
| 1999 | 41,962 | 41,017 | 97.7 | 698 | 41,715 | 99.4 |
| 2000 | 51,394 | 50,316 | 97.9 | 811 | 51,127 | 99.5 |
| 2001 | 54,743 | 53,375 | 97.5 | 1,123 | 54,498 | 99.6 |
| 2002 | 61,395 | 59,350 | 96.7 | 1,735 | 61,085 | 99.5 |
| 2003 | 58,779 | 57,626 | 98.0 | 638 | 58,264 | 99.1 |
| 2004 | 61,434 | 60,549 | 98.6 | 569 | 61,118 | 99.5 |
| 2005 | 63,401 | 61,403 | 96.8 | - | 61,403 | 96.8 |
| 2006 | 64,017 | - (1) | - | - (1) | - | - |

1 - Property taxes are levied January 1 and received on November 30.
Payments are not considered delinquent until after November 30.

Salt Lake City Corporation
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(amounts expressed in thousands except per capita amount)

| Fiscal Year Ended June 30, | Governmental Activities | | | | Business-type Activities | | | Total Primary Government | Percentage of Personal Income | Personal Income | Per Capita |
|-------------------------------------|--------------------------------|--------------------------------|------------------|------------------|--------------------------|------------------|------------------|--------------------------------|-------------------------------------|--------------------|---------------|
| | General Obligation Bonds | Special Assessment Bonds | Revenue Bonds | Notes Payable | Revenue Bonds | Notes Payable | Notes Payable | | | | |
| | | | | | | | | | | | |
| 1997 | \$ 29,115 | \$ 2,847 | \$ 40,186 | \$ - | \$ 341,549 | \$ 811 | \$ 414,508 | \$ 6,481,034 | 6.40% | \$ 2,407 | |
| 1998 | 27,685 | 2,840 | 36,704 | 1,837 | 346,606 | 666 | 416,338 | 6,830,184 | 6.10% | 2,408 | |
| 1999 | 26,185 | 2,157 | 33,731 | 6,135 | 313,443 | 2,078 | 383,729 | 6,948,667 | 5.52% | 2,207 | |
| 2000 | 102,260 | 1,501 | 69,796 | 11,903 | 276,805 | 5,049 | 467,314 | 7,445,136 | 6.28% | 2,682 | |
| 2001 | 97,660 | 1,095 | 66,340 | 12,104 | 208,017 | 2,968 | 388,184 | 7,027,043 | 5.52% | 2,136 | |
| 2002 | 93,360 | 993 | 74,488 | 18,968 | 206,988 | 2,318 | 397,115 | 6,741,062 | 5.89% | 2,169 | |
| 2003 | 91,355 | 808 | 69,784 | 18,857 | 189,630 | 3,046 | 373,480 | 6,775,885 | 5.51% | 2,063 | |
| 2004 | 97,561 | 19,054 | 66,985 | 18,213 | 161,604 | 2,915 | 366,332 | 7,075,096 | 5.18% | 2,036 | |
| 2005 | 91,755 | 1,404 | 65,500 | 17,320 | 149,843 | 1,887 | 327,709 | 7,387,520 | 4.44% | 1,835 | |
| 2006 | 85,661 | 1,565 | 61,877 | 6,834 | 137,771 | 13,372 | 307,080 | 7,713,740 | 3.98% | 1,724 | |

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

Salt Lake City Corporation
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

(amounts expressed in thousands except per capita amount)

| Fiscal Year Ended June 30, | General Obligation Bonds | Less: Amounts Available In Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value of Property | Per Capita |
|---|---|---|--------------|---|-----------------------|
| 1997 | \$ 29,115 | \$ 988 | \$ 28,127 | 0.26% | \$ 163 |
| 1998 | 27,685 | 843 | 26,842 | 0.19% | 155 |
| 1999 | 26,185 | 837 | 25,348 | 0.15% | 146 |
| 2000 | 102,260 | 1,600 | 100,660 | 0.65% | 578 |
| 2001 | 97,660 | 1,758 | 95,902 | 0.55% | 528 |
| 2002 | 93,360 | 1,487 | 91,873 | 0.51% | 502 |
| 2003 | 91,355 | 615 | 90,740 | 0.49% | 501 |
| 2004 | 97,561 | 612 | 96,949 | 0.54% | 533 |
| 2005 | 91,755 | 644 | 91,111 | 0.51% | 510 |
| 2006 | 85,661 | 816 | 84,845 | 0.48% | 476 |

Salt Lake City Corporation
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2006
(unaudited)

| | Total debt | Applicable to City | | Debt ratios | | |
|--------------------------------|-----------------------|--------------------|-----------------------|---------------------|-------------------------|----------------------------|
| | | Percentage | Amount | To taxable value of | To fair market value of | Per capita - population of |
| | | | | \$ 13,302,063,828 | \$ 17,516,076,858 | 178,097 (est.) |
| Direct general obligation debt | \$ 85,661,254 | 100.00% | \$ 85,661,254 | 0.64% | 0.49% | \$ 480.98 |
| Overlapping debt: | | | | | | |
| Salt Lake County | 191,570,000 | 32.50% | 62,260,250 | | | |
| Salt Lake City School District | 164,012,722 | 100.00% | 164,012,722 | | | |
| Total Overlapping debt | 355,582,722 | | 226,272,972 | | | |
| Total applicable to the City | <u>\$ 441,243,976</u> | | <u>\$ 311,934,226</u> | 2.35% | 1.78% | \$ 1,751.49 |

Note:

The State of Utah general obligation debt is not included in the debt ratios because the State of Utah currently levies no ad valorem tax for payment of general obligation bonds.

Source: Salt Lake City Management Services Department

Salt Lake City Corporation
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Purposes - 4% | | | | | | | | | | |
| Debt Limit | \$ 430,634 | \$ 557,126 | \$ 657,969 | \$ 617,022 | \$ 694,258 | \$ 723,039 | \$ 739,200 | \$ 717,810 | \$ 718,648 | \$ 700,643 |
| Total net debt applicable to limit | (29,115) | (27,685) | (26,185) | (102,260) | (97,660) | (93,360) | (91,355) | (97,561) | (91,111) | 86,477 (1) |
| Legal Debt Margin | <u>\$ 401,519</u> | <u>\$ 529,441</u> | <u>\$ 631,784</u> | <u>\$ 514,762</u> | <u>\$ 596,598</u> | <u>\$ 629,679</u> | <u>\$ 647,845</u> | <u>\$ 620,249</u> | <u>\$ 627,537</u> | <u>\$ 787,120</u> |
| Total net debt applicable to the limit as a percentage of debt limit | | | | | | | | | | |
| Water, sewer and lighting 4% | | | | | | | | | | |
| Debt Limit | \$ 430,634 | \$ 557,126 | \$ 657,969 | \$ 617,022 | \$ 694,258 | \$ 723,039 | \$ 739,200 | \$ 717,810 | \$ 718,648 | \$ 700,643 |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal Debt Margin | <u>\$ 430,634</u> | <u>\$ 557,126</u> | <u>\$ 657,969</u> | <u>\$ 617,022</u> | <u>\$ 694,258</u> | <u>\$ 723,039</u> | <u>\$ 739,200</u> | <u>\$ 717,810</u> | <u>\$ 718,648</u> | <u>\$ 700,643</u> |
| Total net debt applicable to the limit as a percentage of debt limit | | | | | | | | | | |
| Totals 8% | | | | | | | | | | |
| Debt Limit | \$ 861,268 | \$ 1,114,252 | \$ 1,315,938 | \$ 1,234,044 | \$ 1,388,516 | \$ 1,446,078 | \$ 1,478,400 | \$ 1,435,620 | \$ 1,437,296 | \$ 1,401,286 |
| Total net debt applicable to limit | (29,115) | (27,685) | (26,185) | (102,260) | (97,660) | (93,360) | (91,355) | (97,561) | (91,111) | 86,477 |
| Legal Debt Margin | <u>\$ 832,153</u> | <u>\$ 1,086,567</u> | <u>\$ 1,289,753</u> | <u>\$ 1,131,784</u> | <u>\$ 1,290,856</u> | <u>\$ 1,352,718</u> | <u>\$ 1,387,045</u> | <u>\$ 1,338,059</u> | <u>\$ 1,346,185</u> | <u>\$ 1,487,763</u> |
| Total net debt applicable to the limit as a percentage of debt limit | | | | | | | | | | |
| Legal Debt Margin Calculation for Fiscal Year 2006 | | | | | | | | | | |
| Total assessed value | | | | | | | | | | \$ 17,516,077 |
| Debt limit (8% of total assessed value) | | | | | | | | | | <u>1,401,286</u> |
| Debt applicable to limit: | | | | | | | | | | |
| General obligation bonds | | | | | | | | | | 85,661 |
| Less: Amount set aside for repayment of general obligation debt | | | | | | | | | | <u>(816)</u> |
| Total net debt applicable to limit | | | | | | | | | | <u>84,845</u> |
| Legal debt margin | | | | | | | | | | <u>\$ 1,316,441</u> |

The general obligation bonded debt of the City is limited by statute to 8% of the "reasonable fair cash value" of property. Of this amount, a maximum of 4% may be used for general purposes. The remaining 4% and any unused portion of the 4% available for general purposes up to the maximum 8% may be utilized for sewer and/or water purposes.

(1) - Starting in 2005 the total net debt applicable to limit is netted with the Fund Balance in the Debt Service Fund

Salt Lake City Corporation
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

| Fiscal Year Ended June 30, | Revenue Bonds | | | | Special Assessment Bonds | | | | |
|---|-----------------------|------------------------------------|------------------------------|------------|---------------------------------------|--------------|----------|----------|-------|
| | Gross Revenues (1) | Less: Operating Expenses (3) | Net Available Revenues | Coverage | Special Assessments Collections | Debt Service | | Coverage | |
| | | | | | | Principal | Interest | | |
| Revenue Bonds - Governmental Activities | | | | | | | | | |
| 1997 | \$ 8,661 | \$ 10 | \$ 8,651 | \$ 3,792 | \$ 2,326 | \$ 1,091 | \$ 702 | \$ 201 | 1.21% |
| 1998 | 10,091 | 11 | 10,080 | 3,502 | 2,257 | 683 | 733 | 178 | 0.75% |
| 1999 | 7,906 | 108 | 7,798 | 3,032 | 2,090 | 578 | 683 | 150 | 0.69% |
| 2000 | 8,435 | 63 | 8,372 | 8,605 | 3,019 | 355 | 658 | 105 | 0.47% |
| 2001 | 8,014 | - | 8,014 | 3,257 | 3,074 | 400 | 408 | 70 | 0.84% |
| 2002 | 8,356 | 43 | 8,313 | 612 | 3,899 | 302 | 276 | 58 | 0.90% |
| 2003 | 9,029 | 467 | 8,562 | 4,719 | 3,670 | 1,060 | 309 | 47 | 2.98% |
| 2004 | 9,257 | 14 | 9,243 | 2,807 | 3,778 | 1,765 | 633 | 987 | 1.09% |
| 2005 | 50,790 (2) | 3 | 50,787 | 65,577 (2) | 2,869 | 17,741 (7) | 17,650 | 1397 | 0.93% |
| 2006 | 53,094 (2) | - | 53,094 | 3,625 | 2,303 | 1,547 | 311 | 47 | 4.32% |

| Fiscal Year Ended June 30, | Revenue Bonds - Business-type activities | | | | Debt Service | | | |
|-------------------------------------|--|------------------------------------|------------------------------|----------|--------------|-----------|----------|--|
| | Gross Revenues (4) | Less: Operating Expenses (5) | Net Available Revenues | Coverage | Principal | Interest | Coverage | |
| | | | | | | | | |
| 1997 | \$ 182,035 | \$ 88,923 | \$ 93,112 | 1.73% | \$ 36,265 | \$ 17,445 | 1.73% | |
| 1998 | 193,056 | 97,335 | 95,721 | 1.41% | 50,272 | 17,395 | 1.41% | |
| 1999 | 200,405 | 103,059 | 97,346 | 1.97% | 34,594 | 14,940 | 1.97% | |
| 2000 (3) | 211,600 | 104,046 | 107,554 | 1.99% | 36,820 | 17,154 | 1.99% | |
| 2001 | 216,997 | 115,398 | 101,599 | 1.66% | 46,926 | 14,224 | 1.66% | |
| 2002 | 226,833 | (31,207) | 258,040 | 5.30% | 36,204 | 12,440 | 5.30% | |
| 2003 | 225,431 | 121,254 | 104,177 | 3.71% | 17,840 | 10,242 | 3.71% | |
| 2004 | 223,047 | 119,891 | 103,156 | 4.10% | 15,445 | 9,695 | 4.10% | |
| 2005 | 233,447 | 133,622 | 99,825 | 5.12% | 14,564 | 4,950 | 5.12% | |
| 2006 | 229,337 | 144,627 | 84,709 | 4.57% | 12,397 | 6,157 | 4.57% | |

- (1) Gross revenue includes rental income from MBA fund, Class C Funds
- (2) In 2005 all MBA fund revenue bonds were repaid and new Sales tax revenue bonds were issued. Sales tax is included in gross income.
- (3) Excludes depreciation and amortization
- (4) Gross revenues include operating revenues, property taxes, and gain on sale of property and equipment.
- (5) Beginning in fiscal 1997, gross revenues also includes passenger facility charges at the airport.
- (6) Excludes depreciation and amortization
- (7) Beginning in fiscal 2000, principal payments are net of any defeased or refinanced amounts
- Special Assessment of \$17,350 was refunded in the fiscal year 2005

Salt Lake City Corporation
Demographic and Economic Statistics
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Population (1) | Personal Income (amounts expressed in thousands) (2) | Per Capita Personal Income | Number of residents 18 years and older (1) | High School Graduates (3) | Average Daily School Membership (3) | Unemployment Rate (4) |
|---|-----------------------|---|---|---|--------------------------------------|--|----------------------------------|
| 1997 | 172,178 | \$ 6,481,034 | \$ 37,641 | 120,012 | 1,207 | 25,400 | 3.2% |
| 1998 | 172,880 | 6,830,184 | 39,508 | 120,012 | 1,164 | 25,454 | 3.9% |
| 1999 | 173,858 | 6,948,667 | 39,967 | 120,012 | 1,334 | 25,011 | 4.0% |
| 2000 | 174,264 | 7,445,136 | 42,723 | 120,012 | 1,310 | 24,823 | 3.5% |
| 2001 | 181,743 | 7,027,043 | 38,665 | 138,773 | 1,277 | 24,696 | 5.0% |
| 2002 | 183,056 | 6,741,062 | 36,825 | 138,773 | 1,202 | 23,976 | 7.3% |
| 2003 | 181,027 | 6,775,808 | 37,430 | 138,773 | 1,368 | 24,190 | 6.7% |
| 2004 | 179,894 | 6,841,042 | 38,028 | 138,773 | 1,176 | 23,623 | 5.4% |
| 2005 | 178,605 | 6,906,825 | 38,671 | 138,773 | 1,288 | 23,310 | 4.9% |
| 2006 | 178,097 | 7,075,096 | 39,726 | 138,773 | 1,015 | 23,283 | 4.4% |

(1) U.S. Census Bureau

(2) Utah State Tax Commission

(3) Salt Lake City School District

(4) U.S. Department of Labor -All rates are annual except for the final year which is rate at June 30, 2005

Salt Lake City Corporation
Full-time Equivalent City Government by Functions
Last Ten Fiscal Years

| Department | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Fund | | | | | | | | | | |
| Attorney's Office | 24.35 | 24.85 | 25.55 | 26.85 | 28.59 | 30.29 | 30.29 | 34.29 | 36.29 | 41.22 |
| City Council | 16.00 | 20.20 | 20.80 | 19.20 | 18.60 | 19.00 | 19.00 | 18.60 | 18.60 | 18.60 |
| Community and Economic Development | 105.00 | 109.00 | 197.25 | 195.00 | 192.00 | 130.00 | 129.00 | 118.40 | 116.00 | 121.00 |
| Fire | 337.00 | 355.00 | 357.00 | 354.00 | 366.00 | 366.00 | 365.00 | 359.00 | 359.00 | 362.00 |
| Management Services | 83.45 | 88.95 | 86.90 | 85.79 | 90.39 | 126.81 | 119.81 | 118.96 | 117.46 | 119.46 |
| Mayor's Office | 19.75 | 19.00 | 19.00 | 19.00 | 20.00 | 21.00 | 21.00 | 19.00 | 17.00 | 17.00 |
| Office of Internal Audit | 4.00 | | 4.00 | 4.00 | 4.00 | 2.00 | | | | |
| Police | 557.89 | 573.75 | 581.15 | 578.15 | 578.78 | 581.28 | 586.65 | 577.18 | 574.57 | 585.07 |
| Public Services | 448.32 | 469.11 | 399.19 | 363.64 | 355.47 | 427.68 | 429.04 | 451.01 | 448.83 | 435.29 |
| General Fund Total | 1,595.76 | 1,659.86 | 1,690.84 | 1,645.63 | 1,653.83 | 1,704.06 | 1,699.79 | 1,696.44 | 1,687.75 | 1,699.64 |
| Enterprise Funds | | | | | | | | | | |
| Airport | 483.65 | 506.15 | 527.00 | 526.80 | 529.80 | 559.80 | 563.80 | 575.80 | 575.80 | 575.80 |
| Golf | 95.13 | 94.31 | 91.73 | 91.87 | 89.59 | 90.92 | 90.92 | 94.50 | 96.93 | 94.92 |
| Public Utilities | 400.00 | 410.50 | 406.50 | 405.80 | 401.80 | 400.10 | 400.10 | 397.60 | 395.70 | 394.70 |
| Refuse | 52.33 | 56.09 | 58.09 | 61.95 | 59.86 | 60.88 | 60.88 | 42.16 | 39.72 | 39.72 |
| Enterprise Fund Total | 1,031.11 | 1,067.05 | 1,083.32 | 1,086.42 | 1,081.05 | 1,111.70 | 1,115.70 | 1,110.06 | 1,108.15 | 1,105.14 |
| Internal Service Funds | | | | | | | | | | |
| Information Management Services | 49.90 | 51.65 | 53.65 | 54.90 | 55.90 | 57.90 | 57.90 | 59.00 | 59.00 | 60.00 |
| Fleet Management | 52.00 | 51.00 | 52.00 | 52.00 | 50.00 | 41.00 | 40.00 | 42.90 | 42.90 | 43.00 |
| Risk Management | 8.19 | 8.19 | 8.19 | 6.19 | 6.09 | 6.09 | 6.09 | 6.34 | 6.34 | 6.64 |
| Governmental Immunity | 4.65 | 5.15 | 5.15 | 5.15 | 5.35 | 4.65 | 4.65 | 4.65 | 4.65 | 2.17 |
| Internal Service Fund Total | 114.74 | 115.99 | 118.99 | 118.24 | 117.34 | 109.64 | 108.64 | 112.89 | 112.89 | 111.81 |
| Weed Abatement Special Revenue Fund Total | 1.08 | 1.08 | 1.08 | 1.08 | 1.08 | 1.08 | 1.08 | 1.08 | 1.08 | 1.08 |
| Total Positions | 2,742.69 | 2,843.98 | 2,894.23 | 2,851.37 | 2,853.30 | 2,926.48 | 2,925.21 | 2,920.47 | 2,909.87 | 2,917.67 |

Salt Lake City Corporation
Principal Employers
June 30, 2006

| <u>Employer (*)</u> |
|--|
| University of Utah |
| Intermountain Health Care |
| State of Utah |
| Delta Airlines |
| Salt Lake City Corporation |
| U.S. Post Office |
| Zions Bank |
| Qwest Corporation |
| Skywest Airlines |
| Wells Fargo Bank |
| VA Medical Center |
| Little American Grand America Hotel |
| Church of Jesus Christ of Latterday Saints |

(*) Estimates based on County Rankings from Utah Workforce Services
City rankings unavailable

Salt Lake City Corporation
Capital Asset Statistics by Function
Last Ten Fiscal Years

| Function | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Fire protection | | | | | | | | | | |
| Number of stations | 13 | 13 | 13 | 13 | 14 | 14 | 14 | 14 | 14 | 14 |
| Sworn/fire fighters | 335 | 329 | 307 | 319 | 331 | 331 | 312 | 322 | 323 | 330 |
| Non-sworn civilian employees. | 20 | 28 | 36 | 32 | 31 | 31 | 28 | 37 | 39 | 32 |
| Police protection: | | | | | | | | | | |
| Number of officers with power of arrest | 404 | 413 | 414 | 409 | 415 | 415 | 399 | 409 | 409 | 424 |
| Number of other police employees | 166 | 164 | 160 | 157 | 165 | 165 | 151 | 158 | 158 | 173 |
| Community Development | | | | | | | | | | |
| Number of Street Lights | 10,700 | 10,696 | 10,900 | 13,068 | 11,818 | 12,545 | 13,899 | 12,931 | 14,590 | 14,377 |
| Public Services | | | | | | | | | | |
| Recreation and culture: | | | | | | | | | | |
| Number of municipal parks | 126 | 126 | 126 | 126 | 126 | 126 | 134 | 80 | 80 | 80 |
| Number of municipal playgrounds | 58 | 58 | 58 | 58 | 58 | 58 | 50 | 59 | 59 | 59 |
| Number of municipal golf courses | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 |
| Number of municipal swimming pools (1) | 4 | 4 | 4 | 4 | 4 | 4 | 0 | 4 | 4 | 4 |
| Lane miles of city owned streets | 1,785 | 1,785 | 1,770 | 1,787 | 1,743 | 1,741 | 1,754 | 1,770 | 1,776 | 1,776 |
| Municipal water plants: | | | | | | | | | | |
| Number of service connections | 89,191 | 89,531 | 90,393 | 90,393 | 90,766 | 91,283 | 91,751 | 92,055 | 92,344 | 77,817 |
| City | 55,016 | 55,225 | 55,859 | 55,859 | 56,699 | 57,078 | 57,355 | 57,492 | 57,646 | 52,991 |
| County | 34,175 | 34,306 | 34,534 | 34,534 | 34,067 | 34,205 | 34,396 | 34,563 | 34,698 | 24,826 |
| Water supplied to conduits (gallons/year) | 33,484,300 | 32,417,000 | 32,968,200 | 32,968,200 | 35,868,100 | 34,072,720 | 30,078,800 | 31,149,640 | 28,774,670 | 31,812,140 |
| per thousand | 186 | 186 | 186 | 190 | 250 | 190 | 190 | 190 | 190 | 190 |
| Water shed managed (square miles) | 8,572 | 8,572 | 8,487 | 8,487 | 8,972 | 8,903 | 8,967 | 9,044 | 9,143 | 9,351 |
| Number of fire hydrants | 5,946 | 5,946 | 5,576 | 5,576 | 5,983 | 5,925 | 5,885 | 5,935 | 5,912 | 6,029 |
| City | 2,626 | 2,626 | 2,911 | 2,911 | 2,989 | 2,978 | 3,082 | 3,109 | 3,231 | 3,322 |
| County | | | | | | | | | | |
| Sewer Utility | | | | | | | | | | |
| Number of sewer connections | 47,799 | 47,799 | 48,359 | 48,359 | 48,019 | 48,192 | 48,325 | 48,421 | 48,466 | 49,191 |
| Miles of sanitary sewer lines | 600 | 602 | 602 | 616 | 627 | 633 | 634 | 636 | 636 | 636 |
| Storm Water Utility: | | | | | | | | | | |
| Miles of storm water lines | 429 | 430 | 430 | 433 | 434 | 437 | 444 | 441 | 445 | 445 |
| Public Libraries | | | | | | | | | | |
| | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |

(1) City owns 4 but they are operated by County

Miscellaneous Statistics - Most current information only

| | |
|--|-----------------|
| Date of Incorporation | January 5, 1851 |
| Form of government (adopted January 7, 1980) | Council/Mayor |
| Area (square miles) | 111 |
| Election data: | |
| Registered (active voters), November 2003 | 86,332 |
| Number of votes cast in 2003 local election | 41,844 |
| Percentage of registered voters voting | 48.00% |

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HANSEN, BARNETT & MAXWELL

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

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www.hbmcpas.com

Registered with the Public Company
Accounting Oversight Board



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

In planning and performing our audit of the basic financial statements of Salt Lake City Corporation for the year ended June 30, 2006, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of certain matters that provide an opportunity for strengthening internal control and operating efficiency. This letter does not affect our report dated November 18, 2006 on the financial statements of Salt Lake City Corporation.

Comments that are recurring or were noted in prior years have been noted with an asterisk (*).

Financial Accounting and Reporting

1. Classification of Capital Assets

During the testing of fixed asset additions, HBM noted a down payment on the "Smartzone Communication System", asset number 024107 was not classified correctly on the Government-wide Statement for FY05. The asset should have been included in WIP at year-end, but instead was left as a part of the expenses. This led to the Government-wide statements to have WIP understated by \$640,000 and expenses overstated by \$640,000 in FY05. The Governmental fund, which contained the error, uses modified accrual basis accounting so no adjustment is needed at the fund level.

Management's Response: One of the procedures designed to identify expenditures that should be capitalized either in the fund statements or the government wide statements has been modified. The procedure will now include examining the Grants Operating fund as well as all other special revenue funds that traditionally have not been used to purchase capital assets.

2. Contract Payment Request Forms

During our search for unrecorded liabilities we noted that the contract payment request forms for construction projects don't include dates the work is performed. This causes management to estimate that the projects bill monthly, which might not be the case. HBM proposes that the forms be modified to include the first and last day the request covers so all payments can be accounted for in the proper period.

Management's Response: The City's engineering division was made aware of this issue during the field work of the audit. The forms have been modified to eliminate this ambiguity.

3. Credit Card Receipts

During our testing of cash receipts, we noted one instance where a credit card receipt was still outstanding on the following month's bank reconciliation. During the normal review process of this bank reconciliation, an adjustment was made for the outstanding amount by City personnel. Upon inquiry of City personnel, no documentation of this adjustment was retained, therefore testing on this item could not be completed. We recommend that documentation for cash receipt adjustments be kept for the applicable bank reconciliations.

Management's Response: Not all items on a given month's bank reconciliation require an adjusting entry (either by the bank or by the City) in order to be taken off the reconciliation for the subsequent month. This particular item was a difference between the City's cash receipts book entry vs. the credit given by the bank on that same day. It could have been a credit card item or it could have been a deposit correction. The item was cleared by one or more reconciling items from dates either before or after with no needed adjustment.

4. During our testing of the golf course cash receipts, we found that gaps exist in automatically issued, sequentially numbered sales order records. Golf course personnel indicated that the reason that these numbers are missing is because transactions are being cancelled (deleted). According to the adopted Pro Shop Cash Handling Policy and Procedures, a voiding entry should have been made and documentation kept of the voiding entry. Although these numbers are not being reused, no documentation has been kept on the transaction or the reason the transactions have been voided. We recommend that the adopted Pro Shop Cash Handling Policy and Procedures regarding voided transactions be followed.

Management's Response: The adopted Pro Shop Cash Handling Policy and Procedures relating to voided transactions states, "Every effort should be made to insure that transactions recorded into the Point of Sale (POS) system are entered correctly. All corrections will be made through the POS system. Voided transactions may be necessary to correct quantity, currency and payment type entry errors. All voided transactions must be fully documented and signed by the responsible pro shop employee. Documentation must include the following: 1) a copy of the original transaction receipt; 2) the voided transaction receipt; 3) a copy of the correcting transaction receipt (if applicable); and 4) a complete written explanation of the reason for the void. Documentation for voided transactions will be placed in the cash drawer and then attached to the Shift Closing Report at closing. All voided transactions listed on the Shift Closing Report must be accompanied by the associated documentation."

The Golf Division will conduct training sessions periodically with both full-time and seasonal pro shop employees to impress upon them the need to comply with this policy.

State Compliance

Following are the findings resulting from our audit as required by the State of Utah Legal Compliance Audit Guide.

5. *B and C Roads
Filing of State Legal Compliance Report

Compliance Requirement: Cities and Counties are required to submit a copy of their State Legal Compliance Audit Report to the B and C administrator, indicating that they are in compliance with the B and C regulations within six months of their fiscal year end.

Finding: The state compliance report for the year ended June 30, 2005 was dated December 15, 2005, and was not filed with UDOT within the six month time period.

Management Response: Management relies on the outside auditors to complete this report to the State of Utah.

6. Budgetary Compliance
Expenditures in Excess of Total Appropriations

Compliance Requirement: Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department or fund. For counties and municipalities State Law requires budget integrity at the following levels:

General Fund -- Each department (If debt service is divided between principle and interest, consider it combined.)

Special Revenue Fund -- Each separate activity in total.

Capital Project Fund -- Fund in total.

Debt Service Fund -- Fund in total.

All other taxing entities by fund.

Finding: The Arts Council (a Special Revenue fund) incurred expenditures in excess of final budgeted amounts. In addition, non-departmental expenditures in the general fund exceeded budgeted amounts. We also noted that in the following funds actual transfers out exceeded budgeted amounts:

Capital Projects Fund
Community Development Operating Fund (Special Revenue)
Grants Operating Fund (Special Revenue)
Salt Lake City Donation Fund (Special Revenue)

Management Response: The Arts Council incurred some expenditures very close to the end of the fiscal year that were higher than anticipated. In some cases revenues were also higher than anticipated. In addition, a public art project of unusual complexity was installed in June. The total cost was difficult to project until the work was actually completed. Arts Council management will continue efforts to keep actual expenditures in line with budgeted expenditures. All of the remaining items reflect classification differences between viewing transfers out as no different from other expenditure accounts versus viewing them as a stand-alone item within each fund. Management will develop procedures to identify these classification issues and address them in a more timely manner.

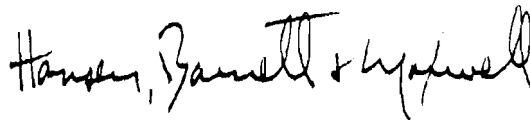
A-133 Audit of Federal Expenditures

7. Maintenance of Grant Agreements and Contracts

During our audit of federal expenditures in accordance with OMB Circular A-133, we noted that a Grant Specialist responsible for overseeing compliance with federal requirements, had not been provided a copy of certain Articles of Agreement executed by the City. Accordingly, the grant specialist was not aware of certain compliance requirements. We recommend that internal controls be strengthened so that all Grant Specialists and other City employees responsible for compliance with federal requirements receive the proper documentation necessary to ensure compliance.

Management Response: This oversight occurred with a grant from the Department of Homeland Security. Homeland Security grants are unique in that more than one department has management responsibility. The City's Emergency Program Manager will now be responsible for distributing copies of the Articles of Agreement contained in Homeland Security grants to all individuals whose responsibilities include overseeing compliance with federal requirements.

This report is intended solely for the information and use of the Mayor, City Council, City management, and is not intended to be and should not be used by anyone other than these specified parties.



HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah
November 18, 2006

HANSEN, BARNETT & MAXWELL

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Accounting Oversight Board



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

We have audited the basic financial statements of Salt Lake City Corporation (the City), for the year ended June 30, 2006, and have issued our report thereon dated November 18, 2006. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2006. The City received the following major State assistance programs from the State of Utah.

- Airport Improvement—East Apron Rehabilitation (Department of Transportation)
- Class B Road Funds (Department of Transportation)
- Liquor Law Enforcement (State Tax Commission)

The City also received the following non-major grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of the City's financial statements.)

- Airport Improvement—Auto Weather Observation System (Department of Transportation)
- CCJJ Training (Commission on Criminal and Juvenile Justice)
- Crises Intervention Team (Utah State University)
- Critical Land Inventory (Governor's Office of Budget and Planning)
- EMS Medical Equipment (Bureau of Emergency Services)

Our audit also included test work of the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Liquor Law Enforcement
- Justice Courts Compliance
- B & C Road Funds
- Other General Compliance Issues
- Uniform Building Code Standards
- Impact Fees
- Asset Forfeitures

The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which are described in the accompanying Schedule of Findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the City complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

This report is intended solely for the information and use of the City's management and State funding agencies, as well as the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Hansen, Barnett & Maxwell". The signature is written in a cursive, flowing style.

HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah
November 18, 2006

Salt Lake City, Utah
Schedule of Findings — State Compliance
For the Year Ended June 30, 2006

CURRENT YEAR FINDINGS:

1. B and C Roads
Filing of State Legal Compliance Report

Compliance Requirement: Cities and Counties are required to submit a copy of their State Legal Compliance Audit Report to the B and C administrator, indicating that they are in compliance with the B and C regulations within six months of their fiscal year end.

Finding: The state compliance report for the year ended June 30, 2005 was dated December 15, 2005, and was not filed with UDOT within the six month time period.

Management Response: Management relies on the outside auditors to complete this report to the State of Utah.

2. Budgetary Compliance
Expenditures in Excess of Total Appropriations

Compliance Requirement: Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department or fund. For counties and municipalities State Law requires budget integrity at the following levels:

General Fund – Each department (If debt service is divided between principle and interest, consider it combined.)

Special Revenue Fund – Each separate activity in total.

Capital Project Fund – Fund in total.

Debt Service Fund – Fund in total.

All other taxing entities by fund.

Finding: The Arts Council (Special Revenue) and incurred expenditures in excess of final budgeted amounts. In addition, non-departmental expenditures in the general fund exceeded budgeted amounts. We also noted that in the following funds actual transfers out exceeded budgeted amounts:

Capital Projects Fund
Community Development Operating Fund (Special Revenue)
Grants Operating Fund (Special Revenue)
Salt Lake City Donation Fund (Special Revenue)

Management Response: The Arts Council incurred some expenditures very close the end of the fiscal year that were higher than anticipated. In some cases revenues were also higher than anticipated. In addition, a public art project of unusual complexity was installed in June. The total cost was difficult to project until the work was actually completed. Arts Council management will continue efforts to keep actual expenditures in line with budgeted expenditures. All of the remaining items reflect classification differences between viewing transfers out as no different from other expenditure accounts versus viewing them as a stand-alone item within each fund. Management will develop procedures to identify these classification issues and address them in a more timely manner.

Status of Prior Year Findings:

1. Impact Fees

Use of Impact Fees – Time Requirement

Compliance Requirement: *Utah Code 11-36-302(2)* states that a local political subdivision shall expend or encumber impact fees for a permissible use within six years of their receipt.

Finding: Per inquiry of management, the City is compliance with this requirement because collection of impact fees began less than six years prior to June 30, 2005. However, the City has not established controls to track expenditures impact fees. We recommend that a system of controls be developed and implemented to ensure the expenditure of these fees within six years of receipt. In addition, a report should be prepared at the end of each fiscal year for each fund or account reporting:

1. The source and amount of all impact fees collected, earned, and received by the fund or account; and
2. Each expenditure from the fund or account.

Status: Item is not a current year finding.

2. Impact Fees

Use of Impact Fees – Allowable Uses

Compliance Requirement: A local political subdivision may expend impact fees only for:
a. system improvements for public facilities identified in the capital facilities plan; and
b. system improvements for the specific public facility type for which the fee was collected. (*Utah Code 11-36-302(1)*)

Finding: During our testing of impact fee expenditures, we discovered travel expenses for three City employees to attend a public safety planning seminar. Travel expenditures do not meet to above criteria for the appropriate expenditure of impact fees.

Status: Item is not a current year finding.

3. Budgetary Compliance

Expenditures in Excess of Total Appropriations

Compliance Requirement: Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department or fund. For counties and municipalities State Law requires budget integrity at the following levels:

General Fund – Each department (If debt service is divided between principle and interest, consider it combined.)

Special Revenue Fund – Each separate activity in total.

Capital Project Fund – Fund in total.

Debt Service Fund – Fund in total.

All other taxing entities by fund.

Finding: The Arts Council (Special Revenue) and Other Improvements Fund (Debt Services) both had expenditures in excess of final budgeted amounts.

Status: Item is not a current year finding.

4. B and C Roads

Filing of State Legal Compliance Report

Compliance Requirement: Cities and Counties are required to submit a copy of their State Legal Compliance Audit Report to the B and C administrator, indicating that they are in compliance with the B and C regulations within six months of their fiscal year end.

Finding: The state compliance report for the year ended June 30, 2004 was not dated until March 15, 2005, and was not filed with UDOT within the six month time period.

Status: Item is a current year finding.

5. Justice Courts

Reconciliation of Trust Accounts

Compliance Requirement: A trust or revolving account may be established in the name of the justice court for the deposit of bail, restitution, unidentified receipts, and other money that requires special accounting. The account shall be reconciled at least quarterly by the governing body.

Finding: Reconciliations were no performed on the Court's trust accounts on a quarterly basis.

Status: Item is not a current year finding.

SALT LAKE CITY CORPORATION

**SUPPLEMENTAL REPORT
IN COMPLIANCE WITH
GOVERNMENT REPORTING STANDARDS
AND OMB CIRCULAR A-133**

June 30, 2006

HANSEN, BARNETT & MAXWELL

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

**SALT LAKE CITY CORP
SUPPLEMENTAL REPORT IN COMPLIANCE WITH
GOVERNMENT REPORTING STANDARDS
AND OMB CIRCULAR A-133**

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HANSEN, BARNETT & MAXWELL

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

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

We have audited the financial statements of the governmental activities, the business-type activities, and 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, 2006, and have issued our report thereon, dated November 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

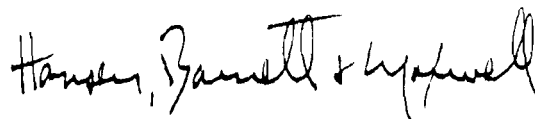
In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated November 18, 2006.

This report is intended solely for the information and use of the Mayor, City Council, and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Hansen, Barnett & Maxwell". The signature is written in a cursive, flowing style with some capitalization and a large initial 'H'.

HANSEN, BARNETT & MAXWELL

November 18, 2006
Salt Lake City, Utah

HANSEN, BARNETT & MAXWELL

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Salt Lake City Corporation (the City) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, that are applicable to each of the major programs for the year ended June 30, 2006. The City's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of management of the City. Our responsibility is to express an opinion on the compliance of the City based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

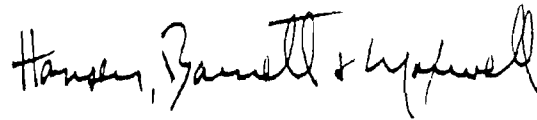
The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the internal control of the City over compliance with requirements that could have a direct and material effect on a major federal program, in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, and discretely presented component unit, each major fund, and the aggregate remaining fund information as of Salt Lake City Corporation as of and for the year ended June 30, 2006, and have issued our report thereon dated November 18, 2006. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Salt Lake City Corporation. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, City Council, management of the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Hansen, Barnett & Maxwell", is written in a cursive style.

HANSEN, BARNETT & MAXWELL

January 5, 2007, except the opinion on the Schedule of Expenditures of
Federal Awards, as to which the date is November 18, 2006
Salt Lake City, Utah

SALT LAKE CITY CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

| Federal Grantor Agency Pass-Through Grantor Program Title | Federal CFDA Number | Project Number | Expenditures Year Ended June 30, 2006 |
|---|---------------------------|-------------------|---|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| Direct Programs: | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-03-MC-49-0004 | \$ 1,397,405 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-04-MC-49-0004 | 3,628,266 |
| Community Development Block Grants/Entitlement Grants | 14.218 | Program Income | <u>1,578,007</u> |
| | | | <u>6,603,678</u> |
| Emergency Shelter Grants Program | 14.231 | S04-MC-49-0002 | 3,947 |
| Emergency Shelter Grants Program | 14.231 | S05-MC-49-0002 | <u>175,696</u> |
| | | | <u>179,643</u> |
| HOME Investments Partnership Program | 14.239 | M01-MC-49-0208 | 68,568 |
| HOME Investments Partnership Program | 14.239 | M02-MC-49-0208 | 154,381 |
| HOME Investments Partnership Program | 14.239 | M03-MC-49-0208 | 663,575 |
| HOME Investments Partnership Program | 14.239 | M04-MC-49-0208 | 1,309,285 |
| HOME Investments Partnership Program | 14.239 | M05-MC-49-0208 | 182,740 |
| HOME Investments Partnership Program | 14.239 | Program Income | <u>517,095</u> |
| | | | <u>2,895,644</u> |
| Housing Opportunities for Persons With AIDS | 14.241 | UTH03F001 | 2,750 |
| Housing Opportunities for Persons With AIDS | 14.241 | H04UTH04F001 | 73,119 |
| Housing Opportunities for Persons With AIDS | 14.241 | H05UT05F001 | <u>354,445</u> |
| | | | <u>430,314</u> |
| EDI Special project Grant | 14.246 | B-04-SP-UT-0799 | <u>45,745</u> |
| Passed Through Utah Department of Community and Economic Development | | | |
| Housing Opportunities for Persons With AIDS | 14.241 | 051718 | <u>3,104</u> |
| Passed Through Salt Lake County | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | BV03096C | <u>60,311</u> |
| Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.900 | 2.0 LHCP-03 | <u>83,133</u> |
| Total US Department of Housing and Urban Development | | | <u>\$ 10,301,572</u> |
| U.S. DEPARTMENT OF JUSTICE | | | |
| Direct Programs: | | | |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders | 16.590 | 2003-WX-BX-0030 | \$ 225,942 |
| Local Law Enforcement Block Grants Program | 16.592 | 2003-LB-BX-0662 | 60,946 |
| Local Law Enforcement Block Grants Program | 16.592 | 2004-LBBX0894 | <u>51,544</u> |
| | | | <u>112,490</u> |
| Executive Office for Weed and Seed | 16.595 | 2004-WS-Q4-0159 | 99,820 |
| Executive Office for Weed and Seed | 16.595 | 2004-WS-Q4-0217 | 28,962 |
| Executive Office for Weed and Seed | 16.595 | 2001-WS-QX-0107 | 2,300 |
| Executive Office for Weed and Seed | 16.595 | 2005-WS-QS-0262 | <u>89,828</u> |
| | | | <u>220,910</u> |

(Continued)

| Federal Grantor Agency Pass-Through Grantor Program Title | Federal CFDA Number | Project Number | Expenditures Year Ended June 30, 2006 |
|--|------------------------------------|---------------------------|--|
| Public Safety Partnership and Community Policing Grants | 16.710 | 2003-SH-WX-0140 | \$ 50,944 |
| Public Safety Partnership and Community Policing Grants | 16.710 | 2005CKWX0348 | 299,755 |
| | | | <u>350,699</u> |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2005-DJBX1116 | <u>233,347</u> |
| Office of the President | 16.xxx | 15PRMP599Z | 71,663 |
| Office of the President | 16.xxx | U215K030146 | 21,328 |
| Office of the President | 16.xxx | 16.PRMP599Z | 100,967 |
| | | | <u>193,958</u> |
| Passed through Utah Office of Crime Victim Reparations | | | |
| Crime Victim Assistance | 16.575 | 04-VOCA-35 | 13,570 |
| Crime Victim Assistance | 16.575 | 05-VOCA-35 | 38,502 |
| | | | <u>52,072</u> |
| Violence Against Women Formula Grants | 16.588 | 04 VAWA-20 | 9,016 |
| Violence Against Women Formula Grants | 16.588 | 04 VAWA-39 | 35,353 |
| Violence Against Women Formula Grants | 16.588 | 05-VAWA-24 | 6,933 |
| | | | <u>51,302</u> |
| Passed through West Valley City, Utah | | | |
| Community Prosecution and Project Safe Neighborhoods | 16.609 | Contract WVC C03-838 | <u>28,327</u> |
| Passed through Salt Lake County | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2005-DJBX1116 | <u>177,051</u> |
| Total U.S. Department of Justice | | | <u><u>\$ 1,646,098</u></u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Direct Programs: | | | |
| Airport Improvement Program | 20.106 | FA 02 NM 1076 | \$ 2,460,319 |
| Airport Improvement Program | 20.106 | FA 03 NM 1080 | 2,083,671 |
| Airport Improvement Program | 20.106 | FA 03 NM 1117 | 3,511,258 |
| Airport Improvement Program | 20.106 | FA 04 NM 1003 | 62,712 |
| Airport Improvement Program | 20.106 | FA 04 NM 1036 | 390,335 |
| Airport Improvement Program | 20.106 | FA 04 NM 1043 | 2,257,834 |
| Airport Improvement Program | 20.106 | FA 05 NM 1013 | 2,545,905 |
| Airport Improvement Program | 20.106 | FA 05 NM 1090 | 2,812,207 |
| Airport Improvement Program | 20.106 | FA 06 NM 1027 | 562,441 |
| Airport Improvement Program | 20.106 | FA 06 NM 1028 | 298,109 |
| Airport Improvement Program | 20.106 | FA 06 NM 1018 | 667,178 |
| | | | <u>17,651,969</u> |
| Passed through Utah Department of Transportation | | | |
| Federal Highway Safety Data Improvements Incentive Grants | 20.603 | DTFH61-03-X-00023 | <u>29,000</u> |
| Total U.S. Department of Transportation | | | <u><u>\$ 17,680,969</u></u> |

(Continued)

| Federal Grantor Agency Pass-Through Grantor Program Title | Federal CFDA Number | Project Number | Expenditures Year Ended June 30, 2006 |
|---|---------------------------|-----------------------|---|
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | | |
| Direct Programs: | | | |
| Source Reduction Assistance | 66.717 | None | \$ 11,239 |
| Brownsfield Pilots Cooperative Agreements | 66.814 | BP-99860601-3 | 36,175 |
| Passed Through Utah Department of Environmental Quality | | | |
| Pollution Prevention Grants Program | 66.708 | 052178 | 4,228 |
| Total U.S. Environmental protection Agency | | | \$ 51,642 |
| U.S. DEPARTMENT OF ENERGY | | | |
| Passed Through Utah Department of Natural Resources - Utah Energy Office | | | |
| State Energy Program | 81.041 | State Contract 010126 | \$ 27,907 |
| State Energy Program | 81.041 | 81041 | 33,316 |
| | | | 61,223 |
| Passed through City of Denver, Colorado | | | |
| Renewable Energy Research and Development | 81.087 | DE-FG48-2R810714 | 9,694 |
| Total U.S. Department of Energy | | | \$ 70,917 |
| U.S. DEPARTMENT OF EDUCATION | | | |
| Direct Programs: | | | |
| Fund for Improvement of Education | 84.215 | R215K020226 | \$ 601,119 |
| Passed through Leonardo Center | | | |
| Department of Education | 84.xxx | None | 2,077 |
| Total U.S. Department of Education | | | \$ 603,196 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Direct Programs: | | | |
| Emergency Medical Services for Children | 93.127 | 233-03-0093 | \$ 206,095 |
| Emergency Medical Services for Children | 93.127 | 282-99-0030 | 39,956 |
| | | | 246,051 |
| Drug-Free Communities Support Program Grants | 93.276 | 2003-ND-FX-1009 | 120,086 |
| Drug-Free Communities Support Program Grants | 93.276 | 2H79SP12433 | 16,592 |
| | | | 136,678 |
| Total Department of Health and Human Services | | | \$ 382,729 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| Direct Programs: | | | |
| Assistance to Firefighters Grant | 97.044 | EMW-2004-FG-12939 | \$ 35,466 |
| Metropolitan Medical Response System | 97.071 | EMW-2004-GR-0750 | 245,197 |

(Continued)

| Federal Grantor Agency Pass-Through Grantor Program Title | Federal CFDA Number | Project Number | Expenditures Year Ended June 30, 2006 |
|---|---------------------------|--------------------|---|
| Passed through Utah Department of Emergency Services | | | |
| State Homeland Security Program (SHSP) | 97.073 | DES-2003-ODP2-02 | <u>\$ 43,594</u> |
| Passed Through Utah Department of Public Safety | | | |
| State Domestic Preparedness Equipment Support Program | 97.004 | DES-2004-CIT-029 | 1,394 |
| State Domestic Preparedness Equipment Support Program | 97.004 | DES-2004-LETP-002 | 92,920 |
| State Domestic Preparedness Equipment Support Program | 97.004 | DES-2004-SHSP-002 | <u>205,975</u> |
| | | | <u>300,289</u> |
| Emergency Management Performance Grants | 97.042 | SLA-2005-DES-CTY18 | <u>6,000</u> |
| Citizen Corps | 97.053 | DES-2005-CIT-008 | <u>1,634</u> |
| Homeland Security Grant Program | 97.067 | DES-2005-LETP-002 | 112,967 |
| Homeland Security Grant Program | 97.067 | DES-2005-SHSP-002 | <u>327,188</u> |
| | | | <u>440,155</u> |
| Buffer Zone Protection Plan | 97.078 | BZPP-2005-012 | <u>162,424</u> |
| Total U.S. Department of Homeland Security | | | <u><u>\$ 1,234,759</u></u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 31,971,882</u></u> |

SALT LAKE CITY CORPORATION
NOTES TO THE SUPPLEMENTARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

1. **General**—The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Salt Lake City Corporation (the City). Federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the Schedule of Expenditures of Federal Awards
2. **Basis of Accounting**—The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for proprietary fund types. The information presented in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from their presentation in the financial statements.
3. **Subrecipients**—Amounts of federal awards which have been passed through the City to subrecipients for the year ended June 30, 2006 are as follows:

| CFDA | Grant Name | Amount |
|-----------------------------|--|---------------------|
| 14.218 | Community Development Block Grants/Entitlement Grants | \$ 60,311 |
| 14.231 | Emergency Shelter Grants Program | 179,642 |
| 14.239 | HOME Investments Partnership Program | 1,116,960 |
| 14.241 | Housing Opportunities for Persons With AIDS | 433,418 |
| 14.246 | EDf Special Project Grant | 45,745 |
| 14.900 | Lead-Based Paint Hazard Control in Privately-Owned Housing | 83,133 |
| 16.590 | Grants to Encourage Arrest Policies and Enforcement of Protection Orders | 91,779 |
| 16.592 | Local Law Enforcement Block Grants Program | 20,114 |
| 16.595 | Executive Office for Weed and Seed | 111,803 |
| 16.609 | Community Prosecution and Project Safe Neighborhoods | 7,624 |
| 16.738 | Edward Byrse Memorial Justice Assistance Grant Program | 219,119 |
| 16.xxx | Office of the President | 15,396 |
| 66.708 | Pollution Prevention Grant Program | 4,228 |
| 66.717 | Source Reduction Assistance | 11,239 |
| 66.814 | Brownsfield Pilots Cooperative Agreements | 36,175 |
| 81.087 | Renewable Energy Research and Development | 9,694 |
| 84.215 | Fund for Improvement of Education | 121,991 |
| 93.127 | Emergency Medical Services for Children | 90,271 |
| 93.276 | Drug-Free Communities Support Program Grants | 70,437 |
| 97.071 | Metropolitan Medical Response System | 21,862 |
| Total Amount Passed Through | | <u>\$ 2,750,941</u> |

**SALT LAKE CITY CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report on the basic financial statements expresses an unqualified opinion.
2. No reportable conditions were with regard to internal control over financial reporting were identified
3. No instances of noncompliance material to the financial statements of Salt Lake City Corporation were disclosed as a result of the audit.
4. No reportable conditions with regard to internal control over major federal programs were identified.
5. The independent auditors' report on compliance over the major federal award program expresses an unqualified report.
6. The major programs of the City for the year ended June 30, 2006 are as follows:

| Program | CFDA # |
|--|---------------|
| Airport Improvement Program | 20.106 |
| Homeland Security Cluster: | |
| Homeland Security Grant Program | 97.067 |
| State Domestic Preparedness Equipment Support Program | 97.004 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 |

7. A threshold of \$959,156 was used to distinguish between Type A and Type B programs, as those terms are defined in OMB Circular A-133.
8. For the year ended June 30, 2006, the City qualified as a low risk auditee as that term is defined in OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings to report.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No findings to report

D. PRIOR YEAR FINDINGS

No findings were reported.