

**SALT LAKE CITY
SUBURBAN SANITARY DISTRICT #1**

FINANCIAL STATEMENTS

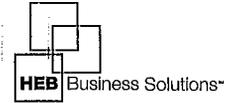
DECEMBER 31, 2010 and 2009

WITH

REPORT OF INDEPENDENT AUDITORS

**SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1
TABLE OF CONTENTS**

Report of Independent Auditors	1
Management's Discussion and Analysis	3
Financial Statements:	
Balance Sheets	13
Statements of Revenues, Expenses and Changes in Net Assets	15
Statements of Cash Flows	17
Notes to Financial Statements	20
Other Reports:	
Report of Independent Auditors on State Legal Compliance	35
Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <u>Government Auditing Standards</u>	37
Other Financial Information:	
Supplementary Financial Information	40



REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of Salt Lake City Suburban Sanitary District #1

We have audited the accompanying basic financial statements of Salt Lake City Suburban Sanitary District #1 as of December 31, 2010 and 2009, and for the years then ended as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Salt Lake City Suburban Sanitary District #1 as of December 31, 2010 and 2009, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated April 6, 2011 on our consideration of Salt Lake City Suburban Sanitary District #1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

**To the Board of Trustees of
Salt Lake City Suburban Sanitary District #1
Page 2**

Management's discussion and analysis, which follows this report, is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental 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 District's financial statement as a whole. The historical revenues and debt service coverage; statements of revenues, expenses and change in net assets for the years ended December 31, 2010 through 2007; budgeted statement of revenues, expenses and change in net assets as of December 31, 2011; balance sheet for the years ended December 31, 2010 through 2006; and outstanding indebtedness of the district are presented for purposes of additional analysis and are not a required part of the financial statements. These statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



HUBER, ERICKSON & BOWMAN, LLC.
Salt Lake City, Utah
April 29, 2011

As management of the Salt Lake City Suburban Sanitary District No. 1 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with the financial statements and accompanying notes to enhance their understanding of the District's financial activities.

History and Background of District

The District was formed in 1946 by the Salt Lake County Commission under state statutes as a Special Service District with authority to levy taxes, issue bonds, and construct a sewage collection and treatment system. Since major construction in 1954 the District has operated its own sewer transmission lines and treatment facility until 1978 when the District entered into an Inter-local Agreement with four other special service districts and two cities to create the Central Valley Water Reclamation Facility (CVWRF), a regionalized wastewater treatment facility in which the District owns a 24.8% undivided interest.

Today the District collects wastewater from a service area with boundaries on the north of approximately 2700 South from the Jordan River east to the mountains and on the south from the Jordan River at about 4100 South east on a diagonal to Highland Drive and 6200 South and then east to the mountains. This service area encompasses parts of unincorporated Salt Lake County, approximately half of The City of South Salt Lake, The City of Holladay, and a small portion of Murray City, thus serving a population of approximately 165,000 residents. The District owns, operates and maintains 8,995 manholes and 374 miles of sewer collection lines, which convey and deliver wastewater for treatment to the CVWRF located at 800 West Central Valley Road in the City of South Salt Lake.

Financial Highlights

- ▶ The assets of the District exceeded its liabilities at the close of the most recent fiscal year. Total net assets for 2010 were \$44,352,265. Of this amount, \$12,882,881 (District #1 Capital Assets) and the \$24,800,320 Investment in CVWRF Joint Venture (therefore classified as an Unrestricted Asset), represent land, wastewater collection and treatment systems, buildings, vehicles, and equipment. The remaining \$6,669,064 of Unrestricted Net Assets primarily consist of operating cash and investment reserves maintained for emergencies, major repairs and replacements, and capital projects. These reserves are also maintained in-lieu of funding depreciation and may be used to meet the District's obligations to citizens and creditors.

- ▶ The District's total assets decreased by \$4,417,084 mainly due to depreciation of the District's capital assets, depreciation of CVWRF capital assets and cash used to payoff the District's portion of the CVWRF DWQ loan.
Note: Depreciation is an unfunded non-cash expense.

- ▶ The District's total liabilities decreased by \$3,234,588 during the current fiscal year. This decrease is primarily the result of paying off the District's portion of the long-term DWQ loan with CVWRF.

Overview of the Financial Statements

The District operates and accounts for its activities as an enterprise fund which is similar to private business enterprises.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the financial position of the District.

The statement of revenues and expenses and changes in net assets presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$44,352,265 as of December 31, 2010.

The largest portion of the District's net assets, 71%, reflects unrestricted net assets. The remaining portion of the District's net assets, 29%, reflects net assets invested in capital assets (e.g., land, buildings, machinery, and equipment). The District uses these capital assets and its investment in CVWRF joint venture to provide services to citizens and consequently, these assets are *not* available for future spending since the assets cannot be liquidated. The District's investment in CVWRF joint venture represents 79% of unrestricted net assets.

Salt Lake City Suburban Sanitary District No. 1 Net Assets

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$35,462,574	\$39,415,971	\$40,233,477
Capital assets (net of accumulated depreciation)	12,882,881	13,346,568	13,692,275
Total assets	<u>48,345,455</u>	<u>52,762,539</u>	<u>53,925,752</u>
Long-term liabilities outstanding	3,044,032	6,160,499	5,303,538
Other liabilities	949,158	1,067,279	1,256,014
Total liabilities	<u>3,993,190</u>	<u>7,227,778</u>	<u>6,559,552</u>
Net assets:			
Invested in capital assets, net of related debt	12,882,881	13,346,568	13,692,275
Unrestricted	<u>31,469,384</u>	<u>32,188,193</u>	<u>33,673,925</u>
Total net assets	<u>\$44,352,265</u>	<u>\$45,534,761</u>	<u>\$47,366,200</u>

During the years ended December 31, 2010 and 2009, the District's net assets decreased by \$1,182,496 and \$1,831,439, respectively. This decrease is a reflection of the District's policy of not funding depreciation.

Key elements of the change in net assets are as follows:

Salt Lake City Suburban Sanitary District No. 1 Net Assets

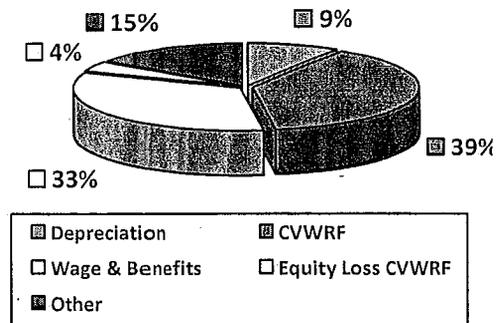
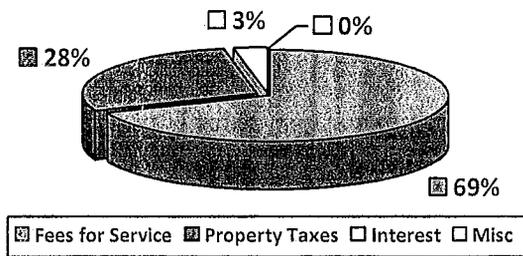
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating Revenues:			
Sewer fees	\$3,698,360	\$3,689,919	\$3,686,934
Other	133,939	109,365	83,476
Total operating revenues	<u>3,832,299</u>	<u>3,799,284</u>	<u>3,770,410</u>

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1
Management's Discussion and Analysis
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating Expenses:			
Wages and employee benefits	2,349,400	2,207,049	2,167,539
Operating expenses from CVWRF joint venture	2,736,081	2,695,038	2,430,301
Depreciation	625,279	668,312	700,174
Other	896,751	750,184	606,447
Total operating expenses	<u>6,607,511</u>	<u>6,320,583</u>	<u>5,904,461</u>
Net loss from operations	(2,775,212)	(2,521,299)	(2,134,051)
Non-Operating Revenues (Expenses):			
County property taxes	1,564,017	1,509,929	1,521,809
Interest income (expense) and other	11,160	85,978	420,828
Equity in loss from CVWRF joint venture	<u>(285,381)</u>	<u>(1,346,616)</u>	<u>(1,593,950)</u>
Total non-operating revenues (expenses)	1,289,796	249,291	348,687
Capital Contributions:			
Capacity fees	181,750	188,569	215,334
Developer contributed sewer lines	<u>121,170</u>	<u>252,000</u>	<u>459,071</u>
Total capital contributions	302,920	440,569	674,405
Increase (decrease) in net assets	(1,182,496)	(1,831,439)	(1,110,959)
Net assets – Beginning	<u>45,534,761</u>	<u>47,366,200</u>	<u>48,477,159</u>
Net assets – Ending	<u>\$44,352,265</u>	<u>\$45,534,761</u>	<u>\$47,366,200</u>

- ▶ Sewer fees increased by \$8,441 or .23% and \$2,985 or .08% for the years ended December 31, 2010 and 2009, respectively. The increase for the year ended December 31, 2010 is attributable to an increase in the number of new connections totaling 345. The increase for the year ended December 31, 2009 is attributable to an increase in the number of new connections totaling 42.
- ▶ Property taxes increased by \$54,088 or 3.46%, and decreased by \$11,880 or 0.79%, during the years ended December 31, 2010 and 2009, respectively. The increase during the year ended December 31, 2010, is due to a slight increase in the District's tax base.

- ▶ Interest income from investments decreased by \$76,208 and decreased by \$344,591 for the years ended December 31, 2010 and 2009, respectively. The decrease is the result of a significant interest rate decline due to economic issues in 2010 and 2009 respectfully.
- ▶ Equity loss from CVWRF joint venture consists primarily of depreciation. The District's depreciation on its capital assets as well as the District's portion of CVWRF joint venture depreciation is \$1,999,280 and \$2,118,973 for the year ended December 31, 2010 and 2009, respectively, which accounts for the majority of the decrease in net assets.
- ▶ Capital contributions decreased by \$137,649 for the year ended December 31, 2010. The decrease is attributable to a low number of building projects finalized within the district in the past two years.



Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Service and Budgetary Highlights

During 2010, the District collected approximately 5.81 billion gallons of wastewater removing approximately 4,269 dry tons of organic pollutants measured by the consumption of oxygen by bacteria (BOD) and another 3,816 tons of suspended solids (TSS). This represents a daily average of 15.93 million gallons per day of wastewater and 23,392 pounds per day of BOD and 20,914 pounds per day of TSS. This waste stream was generated by 27,210 billing accounts using 51,309 monthly units of service, a service unit being based on the wastewater and domestic pollutant load discharged by an average residence each month.

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1

Management's Discussion and Analysis

December 31, 2010 and 2009

Page 8

This service effort includes personnel for maintenance operations, engineering and inspection for construction compliance, industrial discharge pretreatment coordination, clerical, accounting and administration. This staff of 22 full-time employees is governed by a three member Board of Trustees. Annual funding of operations is the result of adopting an annual budget after a public hearing. The budget is maintained on a cash basis. The following schedule summarizes the original budget, and amended budget, the actual and the variance.

Salt Lake City Suburban Sanitary District #1

Budget vs. Actual

(Cash Basis)

Year Ended December 31, 2010

	2010 Budget (Original)	2010 Budget (Amended)	Actual	Variance from Amended
Revenues:				
Operating revenue	\$ 3,784,284	\$ 3,784,285	\$ 3,854,895	\$ 70,610
Property taxes	1,555,435	1,571,428	1,568,289	(3,139)
Interest income	143,553	143,553	170,427	26,874
Capacity fees	151,375	151,375	181,750	30,275
Other	-	-	-	-
	<u>5,634,647</u>	<u>5,650,641</u>	<u>5,775,361</u>	<u>124,720</u>
Expenses:				
Sewer lines	1,773,548	1,776,048	1,596,146	179,902
Pretreatment	140,967	140,967	132,634	8,333
CVWRF facility	2,848,806	2,848,807	2,795,800	53,006
CVWRF facility additions	702,043	702,043	485,257	216,786
CVWRF bond redemptions	301,607	301,607	3,155,015	(2,853,408)
Administration	957,429	969,422	884,159	(72,979)
Interest expense	175,750	175,750	248,729	85,263
Engineering and inspection	515,388	516,888	562,826	(45,938)
Paying agent	1,340	1,340	1,329	11
Property additions	70,400	70,400	40,422	29,978
	<u>7,487,278</u>	<u>7,503,272</u>	<u>9,902,317</u>	<u>(2,399,046)</u>
Excess (Deficit) of Revenues over Expenses	(1,852,631)	(1,852,631)	(4,126,956)	(2,274,326)
Use of (addition to) District reserves	1,852,631	1,852,631	4,126,956	2,274,326
Excess of Revenues over Expenses Including Reserves	\$ -	\$ -	\$ -	\$ -

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1
Management's Discussion and Analysis
December 31, 2010 and 2009

Differences between the amended budget and original budget for the year 2010 can be briefly summarized as follows:

- ▶ \$21,085 increase in budgeted taxes M&O
- ▶ \$ 5,092 decrease in budgeted fee in lieu
- ▶ \$ 6,500 increase in budgeted Wages & Benefits (employee certification and performance)
- ▶ \$ 9,493 increase in budgeted Professional Services (possible Engineering study)
- ▶ Net change in total budget is zero

Differences between the amended budget and actual for the year 2010 can be summarized as follows:

- ▶ \$124,270 favorable variance for total revenue, mainly due to increase in sewer fees and penalties collected in 2010.
- ▶ \$2,399,046 unfavorable variance for total expenses. While every departmental expense budget was well under budget for 2010, two main items contributed to this unfavorable balance.
 - 1- Use of Reserves to pay off outstanding DWQ Loan with CVWRF.
 - 2- Interest Expense associated with payoff of DWQ Loan.

Capital Assets

The District's investment in capital assets for its business-type activities as of December 31, 2010, amounts to \$12,882,881 (net of accumulated depreciation). This investment in capital assets includes land, sewer systems, automobiles, equipment.

Salt Lake City Suburban Sanitary District No. 1 Capital Assets
(Net of depreciation)

	2010	2009	2008
Land	\$ 449,836	\$ 449,836	\$ 449,836
Sewer main	9,616,591	9,495,293	9,243,293
Sewer systems	20,358,691	20,358,692	20,358,692
Office & garage	2,007,069	2,007,069	1,985,310
Furniture & fixtures	208,728	208,728	861,105
Automobiles & trucks	1,150,913	1,150,913	1,674,770
Tools & equipment	518,916	478,621	883,702
Total	<u>34,310,744</u>	<u>34,149,152</u>	<u>35,456,708</u>
Less accumulated depreciation	<u>(21,427,863)</u>	<u>(20,802,584)</u>	<u>(21,764,433)</u>
Grand Total	<u>\$ 12,882,881</u>	<u>\$ 13,346,568</u>	<u>\$ 13,692,275</u>

Reserve Funds

The District held \$7,760,580 in reserves at the end of the current fiscal year. The reserve funds are maintained to provide liquid assets for funding repairs and reconstruction of District-owned infrastructure in the event of catastrophic events, which potentially could affect the District's ability to provide service to its residents.

Reserve and Fee Structure

The monthly service fee is \$6.00 per month. Since the District does not fund depreciation the Board of Trustees has set a reserve amount that the District maintains. (See above statement) The tax rate is .000201.

Long Term Debt- DWQ Loan

The Board of Trustees approved and entered into agreement with CVWRF on April 21, 2005 along with the six other local entities that make up CVWRF, to obtain a loan from the Utah Division of Water Quality. The Districts share of the loan is \$7,256,752 or 20.7336 percent. The fifth bond payment of \$2,299,705 was made on May 1, 2010 with the Districts share being \$478,349, consisting of \$301,607 principal and \$176,742 interest.

Prepayment of DWQ Loan

Although 3.00% is a favorable cost of capital, as result of the current economy, two primary reasons have arisen that make prepaying some or all of the Districts share of the DQW loan attractive.

- With PTIF currently yielding only 0.59% in 2010, a possible more effective use of cash reserves would be to pay down debt.
- Short-term borrowing rates are below 3.00% and could generate significant debt service savings by issuing refunding bonds in the open market. Possible savings would be approximately \$500,000.

The District's decision to proceed with the Series 2010 refunding opportunity is further evidence of the District's strong financial position and commitment to make wise and prudent financial decisions that continue to support the District's goals:

- Optimizes the use of excess District reserves on hand
- Supports the District's 10-year financial plan
- Pay off half of the District's outstanding obligation
- Lowers the debt service payments on the portion that would remain

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1
Management's Discussion and Analysis
December 31, 2010 and 2009

On August 25, 2010 a public hearing was held to discuss the possibilities of paying off the District's share of the CVWRF- Utah Division of Water Quality Loan in the amount of \$5,936,959.84, and reissuing Sewer Revenue Bonds at a lower interest rate of 2.4%. On Sept 15, 2010 the Board of Trustees approved and signed a resolution to pay off the CVWRF debt, with a payment closing of September 29, 2010.

Long Term Debt -Revenue Bonds, Series 2010

Under the direction of the Board of Trustee a three member team consisting of the General Manager, Controller and a Board Member, along with the services of George K Baum & Company presented to Standard & Poor's a presentation about the District and its financial position to obtain a bond rating. On August 31, 2010 Standard & Poor's issued the District a AA+ rating.

Based on the AA+ Bond rating and the ability to secure a lower interest rate of 2.4%, with an approx. \$500,000 savings, The Board of Trustees approved and issued Revenue Bonds with a par amount of \$2,815,000 on September 29, 2010.

Terms of the long term debt are as followed:

- Net coupon rate of 2.4%, 9-Year term
- 5-Year par call feature.
- Principal is due annually on December 15 for years 2011 - 2019.
- Interest is due semi-annually on June 15 and December 15 for Years 2011-2019
- Debt service fund set aside in the amount of \$298,500.

Debt service requirements for the District's share of the loan proceeds are as follows:

SLC SSD#1 Sewer Revenue Refunding Bonds, Series 2010

Year	Payment	Principle	Interest
2011	\$ 374,273	\$ 265,000	\$ 109,273
2012	383,600	300,000	83,600
2013	377,600	300,000	77,600
2014	371,600	300,000	71,600
2015	379,600	320,000	59,600
2016	368,200	315,000	53,200
2017	365,600	325,000	40,600
2018	367,600	340,000	27,600
2019	364,000	350,000	14,000
Total	\$ 3,352,073	\$ 2,815,000	\$ 537,073

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Salt Lake City Suburban Sanitary District No. 1, Attention: Kerry S. Eppich, General Manager, 3932 South 500 East, Salt Lake City, UT 84107-1895.

FINANCIAL STATEMENTS

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1**Balance Sheets****December 31, 2010 and 2009****Page 13**

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 2,215,932	\$ 2,373,754
Investments	1,489,472	5,458,606
Accounts receivable	146,312	178,556
Interest receivable	3,314	6,494
Tax collections receivable	65,025	69,297
Unremitted property liens	99,756	79,216
Prepaid insurance	28,171	27,766
Inventory-gas, oil, parts	22,889	30,455
Total Current Assets	<u>4,070,871</u>	<u>8,224,144</u>
Investments	<u>6,271,108</u>	<u>6,271,108</u>
Investment in CVWRF Joint Venture	<u>24,800,320</u>	<u>24,600,444</u>
Working Capital Advances to CVWRF Joint Venture	<u>320,275</u>	<u>320,275</u>
Capital Assets		
Land	449,836	449,836
Sewer systems and equipment	33,860,908	33,699,316
Less accumulated depreciation	<u>(21,427,863)</u>	<u>(20,802,584)</u>
Net Capital Assets	<u>12,882,881</u>	<u>13,346,568</u>
Total Assets	<u>\$ 48,345,455</u>	<u>\$ 52,762,539</u>

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS

	<u>2010</u>	<u>2009</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 73,852	\$ 12,568
Accounts payable - CVWRF joint venture	280,076	339,795
Deposits	1,800	4,400
Interest payable	23,196	117,167
Deferred revenue	305,234	291,742
Revenue bond payable - current portion	265,000	-
Due to CVWRF Joint Venture - current portion	-	301,607
Total Current Liabilities	<u>949,158</u>	<u>1,067,279</u>
Long-Term Liabilities		
Accumulated leave	298,793	296,852
Bond premium	195,239	-
Revenue bond payable - long-term portion	2,550,000	-
Due to CVWRF Joint Venture- long-term portion	-	5,863,647
Total Long-Term Liabilities	<u>3,044,032</u>	<u>6,160,499</u>
Total Liabilities	<u>3,993,190</u>	<u>7,227,778</u>
Net Assets		
Invested in capital assets, net of related debt	12,882,881	13,346,568
Unrestricted	31,469,384	32,188,193
Total Net Assets	<u>44,352,265</u>	<u>45,534,761</u>
Total Liabilities and Net Assets	<u>\$ 48,345,455</u>	<u>\$ 52,762,539</u>

The accompanying notes are an integral part of these financial statements.

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1
Statements of Revenues, Expenses, and Changes in Net Assets
Years Ended December 31, 2010 and 2009

Page 15

	<u>2010</u>	<u>2009</u>
Operating Revenues		
Sewer fees	\$ 3,698,360	\$ 3,689,919
Inspection fees	4,125	3,842
Nose-on	2,000	2,500
Penalties	122,423	91,286
Miscellaneous operating revenue	5,391	11,737
	<u>3,832,299</u>	<u>3,799,284</u>
Operating Expenses		
Wages and salaries	1,546,762	1,455,882
Employee benefits	802,638	751,167
Truck and auto expense	88,433	90,270
Line repairs and maintenance	359,823	288,524
Supplies	10,692	14,275
Electric power	18,157	13,223
Other utilities	12,345	12,451
Telephone	17,028	14,142
Uniforms	7,192	6,948
Emergency	9,858	1,042
Subscriptions and training	42,056	44,759
Insurance	56,101	54,476
Operating expenses from CVWRF joint venture	2,736,081	2,695,038
Building maintenance	27,319	24,701
Legal services	27,809	45,884
Audit and accounting fees	11,000	10,500
Nose-on expense	-	1,814
Blue Stakes	7,618	7,570
District trustee fee and expenses	15,000	15,000
Postage	71,503	63,453
Data processing	9,529	8,113
Depreciation	625,279	668,312

The accompanying notes are an integral part of these financial statements.

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1
Statements of Revenues, Expenses, and Changes in Net Assets (Continued)
Years Ended December 31, 2010 and 2009

Page 16

	2010	2009
Miscellaneous	30,023	23,554
Bad debt expense	-	4,785
Professional services	3,658	4,451
Bond expense	71,607	-
Election expenses	-	249
Total Operating Expenses	6,607,511	6,320,583
Loss from Operations	(2,775,212)	(2,521,299)
Non-Operating Revenues (Expenses)		
Interest income	167,247	243,455
County property taxes	1,564,017	1,509,929
Paying agent fees	(1,329)	(1,240)
Interest expense	(154,758)	(156,237)
Equity loss from CVWRF joint venture	(285,381)	(1,346,616)
Net Non-Operating Revenues	1,289,796	249,291
Net Loss Before Capital Contributions	(1,485,416)	(2,272,008)
Capital Contributions		
Capacity fees	181,750	188,569
Developer contributed sewer lines	121,170	252,000
Total Capital Contributions	302,920	440,569
Decrease in Net Assets	(1,182,496)	(1,831,439)
Net Assets - Beginning of Year	45,534,761	47,366,200
Net Assets - End of Year	\$ 44,352,265	\$ 45,534,761

The accompanying notes are an integral part of these financial statements.

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1**Statements of Cash Flows****Years Ended December 31, 2010 and 2009****Page 17**

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 3,857,495	\$ 3,620,090
Payments to vendors	(3,626,706)	(3,440,461)
Payments to employees	(2,347,459)	(2,184,002)
Net Cash Used In Operating Activities	<u>(2,116,670)</u>	<u>(2,004,373)</u>
Cash Flows From Non-Capital Financing Activities		
Property taxes collected	1,568,289	1,495,339
Miscellaneous non-capital items	(1,329)	(1,240)
Net Cash Provided By Non-Capital Financing Activities	<u>1,566,960</u>	<u>1,494,099</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition of property and equipment	(40,422)	(70,605)
Bond issuance premium	195,239	-
Cash received for capacity fees	181,750	188,569
Cash received from issuance of note payable	2,815,000	-
Cash paid to CVWRF for bond repayment	(6,413,983)	(444,861)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>(3,262,416)</u>	<u>(326,897)</u>

The accompanying notes are an integral part of these financial statements.

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1
Statements of Cash Flows (Continued)
Years Ended December 31, 2010 and 2009

Page 18

	<u>2010</u>	<u>2009</u>
Cash Flows From Investing Activities		
Net payments from purchases of investments	3,969,134	3,155,250
Interest received from investments	170,427	263,371
Net (contributions to) distributions from CVWRF joint venture	<u>(485,257)</u>	<u>(440,985)</u>
Net Cash Provided by Investing Activities	<u>3,654,304</u>	<u>2,977,636</u>
Net (Decrease) Increase in Cash	(157,822)	2,140,465
Cash, Beginning of Year	<u>2,373,754</u>	<u>233,289</u>
Cash, End of Year	<u>\$ 2,215,932</u>	<u>\$ 2,373,754</u>

Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities

Developer contributed sewer lines were \$121,170 and \$252,000 in 2010 and 2009, respectively.

The District recognized a loss from its investment in CVWRF joint venture of \$285,381 and \$1,346,616 in 2010 and 2009, respectively.

During 2009, the District wrote off fully depreciated property and equipment in the amount of \$1,630,161.

The accompanying notes are an integral part of these financial statements.

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1
Statements of Cash Flows
Years Ended December 31, 2010 and 2009

Page 19

	<u>2010</u>	<u>2009</u>
Reconciliation of Loss from Operations to Net Cash Used in Operating Activities		
Loss from Operations	\$ (2,775,212)	\$ (2,521,299)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	625,279	668,312
(Increase) decrease in assets:		
Accounts receivable	32,244	39,288
Unremitted tax liens	(20,540)	(22,022)
Prepaid insurance	(405)	241
Inventory	7,566	3,931
Increase (decrease) in liabilities:		
Accounts payable	1,565	1,189
Deposits liability	(2,600)	(600)
Deferred revenue	13,492	(196,460)
Accumulated sick leave liability	1,941	28,894
Accrued payroll and taxes	-	(5,847)
Net Cash Used In Operating Activities	<u><u>\$ (2,116,670)</u></u>	<u><u>\$ (2,004,373)</u></u>

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Salt Lake City Suburban Sanitary District #1 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

Reporting Entity

The Salt Lake City Suburban Sanitary District #1, (the District) is an agency of the State of Utah organized during 1946 as a special service district for the purpose of providing sewer services. The State of Utah has no oversight responsibility over the District; therefore, the District is not reported as a component unit of the State of Utah. The District has no oversight responsibilities over any other government entities. As of December 31, 2008, the District is now considered a local district by the State of Utah.

Measurement Focus and Basis of Accounting

The District is an enterprise fund, which is included under the proprietary fund type. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use of accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, the District applies all applicable Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, except for those that conflict with or contradict GASB.

On January 1, 2004, the District adopted the provisions of GASB Statement No. 34 "*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.*" Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets or balance sheet, a statement of revenues, expenses, and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of constraints placed on the net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Inventory

Inventory is valued using the first-in-first-out method (FIFO). Inventory is recorded at the lower of cost or market. Obsolete inventory is written off in the period it is deemed worthless.

Investments

Investments are carried at market value or cost where market value is not determinable. Investments are amortized from the date of purchase to scheduled maturity dates and the unamortized amounts are included in the cost of the investments.

The District has certain reserves set aside to provide for future sewer line and plant expansion. The funding philosophy of the District is to have reserves available for projects that may arise rather than bond again or use debt financing. In 1989, the District’s Board of Trustees established specific reserves to provide funds for lines and plant renewal, upgrading and expansion to insure sufficient capacity for future growth, and to meet requirements mandated by the Utah State Board of Health and the United States Environmental Protection Agency. Accordingly, two special accounts were created with an escrow agent for the “Dedicated Sewer Line Repair, Replacement and Expansion Fund” and the “Dedicated Treatment Plant Repair, Replacement and Expansion Fund”. These investments consist of investments in the Utah Public Treasurer’s Investment Fund and are classified as non-current investments in the balance sheet.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at either historical cost or estimated historical cost. Normal maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. The net book value of property sold, or otherwise disposed of, is removed from the property and accumulated depreciation accounts and the resulting gain or loss is included in income.

Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives:

Sewer mains and system	50 years
Office building, garage and improvements	5-40 years
Furniture and fixtures	8 years
Automobile and trucks	5 years
Tools and equipment	8 years

Deferred Revenue

Sewer fees are billed to customers in advance of the period in which the expenses are to be incurred. Those sewer fees received in advance of the period of expense are shown in the accompanying financial statements as deferred revenue. Sewer fees are recognized as revenue as they are earned throughout the year.

Contributed Sewer Lines

The District receives title to various sewer lines that have been constructed by real estate developers. The District must certify that all sewer lines meet required specifications. Upon certification, the District records the fair value of the sewer lines as property and are depreciated under the depreciation policies of the District.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Leave

District employees are entitled to certain accumulated leave benefits based on their length of employment. Unused sick leave can be accumulated up to 1,080 hours and must be used by employees at retirement as follows: 1) sick leave must be cashed out at one fourth the accumulated value, and 2) the remaining accumulated value must be used to pay for health care premiums from retirement date until fully expended, the balance is also available for a Medicare supplement until fully expended. Employees that are terminated before retirement forfeit any sick leave benefits. Unused vacation leave is accumulated up to the current year allocation plus 120 hours.

Revenues and Expenses

Revenues and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are sewer fees for conveyance and wastewater treatment services. Although property tax revenues are for maintenance and operations, they are classified as non-operating revenues in accordance with GASB 34 and GASB 9.

Operating expenses include the costs associated with the conveyance and treatment of wastewater, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Pension Plans

The District participates in the State Retirement System. Pension cost is combined with employee benefits and is recorded on an accrual basis. The District's policy is to fund pension costs as they occur.

Property Tax Revenues

Property taxes are levied on January 1st based on the assessed value of property as listed on the previous May 31st. Assessed values are an approximation of market value. The county assessor must make a valuation of all real property every year. Property taxes are delinquent after November 30. The District's tax rate for 2010 and 2009 was .000201 and .000187, respectively. The statutory maximum set by the state is .0008 for operations and maintenance. There is no maximum for reduction of general obligation bonds.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Accounting

For management and control purposes, the District adopts and maintains an annual budget, which is maintained on a cash basis. Items budgeted, but not expended, are not carried over to succeeding years. Each budget item must be re-approved each year.

Income Taxes

The District is exempt from all federal and state income taxes as a political division created by Utah State Law.

Reclassifications

Certain reclassifications were made to the December 31, 2009 financial statements in order to conform to the December 31, 2010 financial statement presentation.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

The balance sheet captions, which relate to deposits and investments, are summarized as follows:

	2010	2009
Cash	\$ 2,215,932	\$ 2,373,754
Investments	1,489,472	5,458,606
Non-current investments	6,271,108	6,271,108
	<u>\$ 9,976,512</u>	<u>\$ 14,103,468</u>

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At December 31, 2010 and 2009, the carrying amount of the District's cash was \$2,215,932 and \$2,373,754; respectively, and the bank balance was \$183,430 and \$264,256, respectively. Of the bank balance, \$183,430 and \$250,000 was covered for 2010 for 2009, respectively, by Federal depository insurance and the remaining balances were held in a sweep account invested in short-term U.S. Government Securities and, therefore, may be exposed to certain credit risk.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse purchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes or other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1

Notes to Financial Statements

December 31, 2010 and 2009

Page 26

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated*, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses -- net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of pool shares.

As of December 31, 2010, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Municipal Bonds	\$ 100,000		\$ 100,000		
State of Utah Public Treasurer's Investment Fund	\$ 7,660,580	\$ 7,660,580			

As of December 31, 2009, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Zion's Bank CD's	\$ 100,000		\$ 100,000		
State of Utah Public Treasurer's Investment Fund	\$11,629,714	\$11,629,714			

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act previously discussed. As of December 31, 2010 and 2009, the District's investments in the State of Utah Public Treasurer's Investment Fund were unrated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for reducing this risk of loss is to comply with 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 5%-10% depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk.

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1

Notes to Financial Statements

December 31, 2010 and 2009

Page 28

3. CAPITAL ASSETS

A summary of the District's capital asset activity and accumulated depreciation for the years ended December 31, 2010 and 2009 follows:

December 31, 2010

	CAPITAL ASSETS			
	Balance 12/31/09	Additions	Deletions	Balance 12/31/10
Assets not being depreciated:				
Land	\$ 449,836	\$ -	\$ -	\$ 449,836
	<u>449,836</u>	<u>-</u>	<u>-</u>	<u>449,836</u>
Assets being depreciated				
Sewer main	9,495,293	121,298	-	9,616,591
Sewer systems	20,358,692	-	-	20,358,692
Office & garage	2,007,069	-	-	2,007,069
Furniture & fixtures	208,728	-	-	208,728
Automobiles & trucks	1,150,913	-	-	1,150,913
Tools & equipment	478,621	40,294	-	518,915
	<u>33,699,316</u>	<u>161,592</u>	<u>-</u>	<u>33,860,908</u>
	<u>\$ 34,149,152</u>	<u>\$ 161,592</u>	<u>\$ -</u>	<u>\$ 34,310,744</u>

	ACCUMULATED DEPRECIATION			
	Balance 12/31/09	Additions	Deletions	Balance 12/31/10
Sewer main	\$ 3,511,648	\$ 174,515	\$ -	\$ 3,686,163
Sewer systems	14,593,240	232,155	-	14,825,395
Office & garage	1,196,312	58,314	-	1,254,626
Furniture & fixtures	206,093	2,145	-	208,238
Automobiles & trucks	938,533	109,586	-	1,048,119
Tools & equipment	356,758	48,564	-	405,322
	<u>\$ 20,802,584</u>	<u>\$ 625,279</u>	<u>\$ -</u>	<u>\$ 21,427,863</u>

3. CAPITAL ASSETS (CONTINUED)

December 31, 2009

CAPITAL ASSETS				
	Balance 12/31/08	Additions	Deletions	Balance 12/31/09
Assets not being depreciated:				
Land	\$ 449,836	\$ -	\$ -	\$ 449,836
	449,836	-	-	449,836
Assets being depreciated				
Sewer main	9,243,293	252,000	-	9,495,293
Sewer systems	20,358,692	-	-	20,358,692
Office & garage	1,985,310	33,787	(12,027)	2,007,069
Furniture & fixtures	861,105	-	(652,377)	208,728
Automobiles & trucks	1,674,770	-	(523,857)	1,150,913
Tools & equipment	883,702	36,819	(441,901)	478,621
	35,006,872	322,606	(1,630,162)	33,699,316
	\$ 35,456,708	\$ 322,606	\$(1,630,162)	\$ 34,149,152

ACCUMULATED DEPRECIATION

	Balance 12/31/08	Additions	Deletions	Balance 12/31/09
Sewer main	\$ 3,337,506	\$ 174,142	\$ -	\$ 3,511,648
Sewer systems	14,351,211	242,029	-	14,593,240
Office & garage	1,149,237	59,102	(12,027)	1,196,312
Furniture & fixtures	853,130	5,340	(652,377)	206,093
Automobiles & trucks	1,318,689	143,700	(523,857)	938,533
Tools & equipment	754,660	44,000	(441,901)	356,758
	\$ 21,764,433	\$ 668,313	\$(1,630,162)	\$ 20,802,584

4. PROPERTY TAX REVENUE

The District's tax rate is .000201. During 1999, the District repaid all of its general obligation bonds and the portion of property tax revenue that was originally allocated to repay the general obligation bonds was reallocated, by board resolution, to meet the operating and maintenance needs of the District.

4. PROPERTY TAX REVENUE (CONTINUED)

Property tax revenues are derived from four major sources: (1) general property assessments on real estate and improvements to real estate, (2) personal property assessments on mobile homes, business equipment, etc., (3) age based assessments on motor vehicles, and (4) delinquent tax collections, interest, and fees.

Property tax revenue for the years ended December 31, 2010 and 2009 was as follows:

	<u>2010</u>	<u>2009</u>
Total property taxes for the year	<u>\$ 1,564,017</u>	<u>\$ 1,509,929</u>
Property tax receivable at December 31	<u>\$ 65,025</u>	<u>\$ 69,297</u>

5. UNREMITTED PROPERTY LIENS

Unremitted property liens as of December 31, 2010 and 2009, in the amount of \$99,756 and \$79,216, respectively, represent the total amount of past due accounts receivable which have been referred to the Salt Lake County Treasurer's office for attachment to the related real estate property as liens. However, in 2004 the Utah State Legislature passed HB56 which prohibits the District from collecting from the current owner a previous owner's arrearage for sewer service provided to the property before the current owner's ownership, absent a valid lien. Most of these amounts may not be collectible because of the District's inability to terminate or monitor service and track owners if they move without paying for their service.

6. INVESTMENT IN CVWRF JOINT VENTURE

During 1978, the District entered into a joint venture with four other special districts and two cities. The joint venture was organized under the name of Central Valley Water Reclamation Facility (CVWRF) to operate a regional sewage treatment facility for the benefit of all its members. The joint venture is owned by each of the seven members and is administered by a seven-member board. Each member appoints one member to the board, and voting power is not related to ownership. Therefore, each member is equal to another for voting privileges.

The joint venture is responsible for adopting a budget and financing its operations subject to the approval by each of the seven members. Each member is billed its share of operation and capital costs based on the members usage and ownership percentage.

6. INVESTMENT IN CVWRF JOINT VENTURE (CONTINUED)

The District incurred the following costs from the CVWRF joint venture:

	<u>2010</u>	<u>2009</u>
Treatment costs	\$ 2,109,575	\$ 2,078,251
Administration	351,206	350,390
Pretreatment costs	12,161	10,599
Laboratory	140,539	146,723
Interception monitoring	10,282	9,814
Engineering and safety	<u>112,318</u>	<u>99,261</u>
	<u>\$ 2,736,081</u>	<u>\$ 2,695,038</u>

The District accounts for its investment in CVWRF joint venture using the equity method of accounting. The following is a summary of the CVWRF joint venture's financial position as of December 31, 2010 and 2009, and the results of its operations for the years then ended. The amounts at December 31, 2010 and 2009 were obtained from audited financial statements provided by Central Valley Water Reclamation Facility and are available on the Utah State Auditor's website at www.sao.state.ut.us.

	<u>2010</u>	<u>2009</u>
Current assets	\$ 6,342,480	\$ 6,822,347
Capital assets, net	97,631,828	97,888,981
Notes receivable	22,217	64,741
Due from members	11,042,000	28,190,000
Other assets	<u>93,711</u>	<u>93,711</u>
Total assets	<u>\$ 115,132,236</u>	<u>\$ 133,059,780</u>
Current liabilities	\$ 2,438,341	\$ 3,767,495
Non-current liabilities	12,963,540	30,182,640
Net assets	<u>99,730,355</u>	<u>99,109,645</u>
Total liabilities and equity	<u>\$ 115,132,236</u>	<u>\$ 133,059,780</u>

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1

Notes to Financial Statements

December 31, 2010 and 2009

Page 32

6. INVESTMENT IN CVWRF JOINT VENTURE (CONTINUED)

Operating revenues	\$ 11,416,715	\$ 11,333,000
Operating expenses	<u>17,076,009</u>	<u>17,161,223</u>
Net operating loss	(5,659,294)	(5,828,223)
Other	<u>4,405,004</u>	<u>435,483</u>
Net loss	<u>\$ (1,254,290)</u>	<u>\$ (5,392,740)</u>

The member entities have decided not to fund depreciation and amortization through contributions to the joint venture. The offset is, in effect, a reduction of member contributions for the CVWRF joint venture in the equity section and reflects the need for contributions in future years.

The District's investment in CVWRF joint venture for the years ended December 31, 2010 and 2009 is \$24,800,320 and \$24,600,444, respectively. Change in the investment is summarized as follows:

Investment at January 1, 2010	\$ 24,600,444
Capital contributions	485,257
Loss from CVWRF joint venture	<u>(285,381)</u>
Investment at December 31, 2010	<u>\$ 24,800,320</u>

7. DUE TO MEMBER

During the 2005 year, the CVWRF issued taxable sewer revenue bonds totaling \$35,000,000 to fund the post-1993 ownership of the treatment facility. The bonds bear interest at 3.00%. The District's share of the original bonds was \$7,256,752.

A portion of the revenue bonds issued during 2005 was distributed to the members. Although the bonds are in the name of CVWRF, the members are responsible to fund debt service requirements over the life of the bonds. The amount distributed to members in 2005 was \$23,000,000. Additional bond funds drawn down as of December 31, 2006 (\$7,585,000) were used to construct secondary clarifiers at CVWRF. Additional bond funds drawn down as of December 31, 2008 (\$725,000) were used to construct ultraviolet treatment system at CVWRF.

Additional bond funds drawn down as of December 31, 2009 (\$3,690,000) were used to construct ultraviolet treatment system at CVWRF. The District's share of the \$23,000,000 is \$4,408,643. The District's share of the \$7,585,000 is \$1,718,435. The District's share of the \$725,000 is \$150,319. The District's share of the \$3,690,000 is \$979,355.

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1

Notes to Financial Statements

December 31, 2010 and 2009

Page 33

7. DUE TO MEMBER (CONTINUED)

As of December 31, 2010 the District issued Sewer Revenue Refunding Bonds in the amount of \$2,815,000 and used investment funds in the amount of \$3,350,254 to pay-off the district's portion of the CVWRF revenue bonds in the amount of \$6,165,254 during the year ended December 31, 2010.

8. REVENUE BONDS PAYABLE

During 2010, the District issued \$2,815,000 Sewer Revenue Refunding Bonds. The bond proceeds were used to refund a portion of the District's outstanding revenue bonds to CVWRF (see Note 7). The bond was issued for a net reoffering premium of \$195,239, which is recorded as a deferred gain on refunding and is included in the new debt in the balance sheet. The deferred gain is being amortized over the life of the new debt.

Revenue bond debt service requirements to maturity are as follows:

Year	Payment	Principle	Interest
2011	\$ 374,273	\$ 265,000	\$ 109,273
2012	383,600	300,000	83,600
2013	377,600	300,000	77,600
2014	371,600	300,000	71,600
2015	379,600	320,000	59,600
2016	368,200	315,000	53,200
2017	365,600	325,000	40,600
2018	367,600	340,000	27,600
2019	364,000	350,000	14,000
Total	<u>\$ 3,352,073</u>	<u>\$ 2,815,000</u>	<u>\$ 537,073</u>

The District's revenue bonds require net revenues of at least 125% of the forthcoming year's debt service requirement. The District met the net revenue requirements for the year ended December 31, 2010.

9. PENSION PLAN

Plan Description: The District contributes to the Local Governmental Noncontributory Retirement System (Noncontributory System), which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustment, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

9. PENSION PLAN (CONTINUED)

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah 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 (The Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for State and School Noncontributory 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.

Funding Policy: The District is required to contribute 11.66% of the annual covered salary for the period beginning January 2010 through June 2010, and 13.37% of the annual covered salary for the period beginning July 2010 through December 2010. The contribution rates are actuarially determined rates and contribution requirements are authorized by statute and specified by the Board.

The District's contributions to the Noncontributory System for the years ending December 31, 2010, 2009, and 2008 were \$186,135, \$169,755, and \$160,040, respectively. The contributions were equal to the required contributions for each year.

The District also participates in the State's 401(k) Plan. Employees covered by any of the State retirement plans are eligible to participate. The Board of the Systems administers this plan.

The District incurred expense for employer-paid contributions to the 401(k) Plan for the years ended December 31, 2010, 2009, and 2008 of \$39,317, \$38,646, and \$36,469, respectively.

10. COMMITMENTS AND CONTINGENCIES

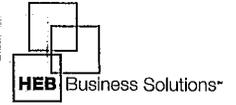
At times the District has been involved in unasserted claims or assessments in the ordinary course of operations. Any potential gain or loss contingencies resulting from such matters are not considered to be material.

11. SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the District has evaluated subsequent events through April 29, 2011, which is the date these financial statements were issued. All subsequent events requiring recognition as of April 29, 2011, have been incorporated into these financial statements herein.

OTHER REPORTS

**REPORT OF INDEPENDENT AUDITORS
ON STATE LEGAL COMPLIANCE**



To the Board of Trustees of
Salt Lake City Suburban Sanitary District #1

We have audited the financial statements of Salt Lake City Suburban Sanitary District #1, for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 29, 2011. Our audit included test work on the District's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Cash Management	Other Compliance Requirements
Purchasing Requirements	Special Service and Local Districts
Budgetary Compliance	Impact Fees
Truth in Taxation	

The District did not receive any major or nonmajor State grants during the years ended December 31, 2010 and 2009.

The management of Salt Lake City Suburban Sanitary District #1 is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audits.

We conducted our audits 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 audits 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 District's compliance with those requirements. We believe that our audits provide a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

**To the Board of Trustees of
Salt Lake City Suburban Sanitary District #1
Page 36**

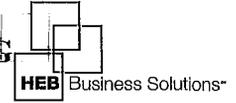
In our opinion, Salt Lake City Suburban Sanitary District #1, complied in all material respects, with the general compliance requirements identified for the years ended December 31, 2010 and 2009.

This report is intended for the use of the District's management, Board of Trustees and applicable state and federal agencies. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Huber, Erickson & Bowman", written in a cursive style.

**HUBER, ERICKSON & BOWMAN, LLC.
Certified Public Accountants
April 29, 2011**

**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**



To the Board of Trustees of
Salt Lake City Suburban Sanitary District #1:

We have audited the financial statements of Salt Lake City Suburban Sanitary District #1 as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 29, 2011. We conducted our audits 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 audits, we considered Salt Lake City Suburban Sanitary District #1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Trustees of
Salt Lake City Suburban Sanitary District #1
Page 38

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Salt Lake City Suburban Sanitary District #1'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 and other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of the Board of Trustees, management, and applicable federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.



HUBER, ERICKSON & BOWMAN, LLC.
Certified Public Accountants
April 29, 2011

OTHER FINANCIAL INFORMATION

**Salt Lake City Suburban Sanitary District No.1
Historical Revenues and Debt Service Coverage**

	<u>HISTORICAL</u>
	<u>2010</u>
Total Operating Revenues	3,832,299
Total Operating Expenses	<u>(6,607,511)</u>
Gain (Loss) from Operations	<u>(2,775,212)</u>
Non-Operating Revenues (Expenses) (1)	1,729,935
Capital Contributions	<u>302,920</u>
Net Gain (Loss)	<u>(742,357)</u>
Rate Stabilization Fund	1,200,000
Total Revenues Available to Pay Debt Service	457,643
Proposed Debt Service on Series 2010 Bonds (2)	N/A
Debt Service Coverage (1.25x)	N/A
Debt Service Coverage (without capacity fees)	N/A

(1) Historical non-operating revenue and expense does not include equity loss in CVWRF joint venture and interest paid on old DWQ Loan (\$440,139) for purpose of debt service coverage

(2) No debt in 2010. First payment is 12/15/2011

SALT LAKE CITY SUBURBAN SANITARY DISTRICT #1
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31,
(This summary is unaudited)

	2010	2009	2008	2007
Operating Revenues				
Sewer Fees	\$ 3,698,360	\$ 3,689,919	\$ 3,686,934	\$ 3,671,785
Inspection Fees	\$ 4,125	\$ 3,842	\$ 3,900	\$ 4,900
Nose-on	\$ 2,000	\$ 2,500	\$ 3,050	\$ 7,400
Penalties	\$ 122,423	\$ 91,286	\$ 58,872	\$ 49,714
Miscellaneous Operating revenue	\$ 5,391	\$ 11,737	\$ 17,654	\$ 48,591
Total Operating Revenues	<u>\$ 3,832,299</u>	<u>\$ 3,799,284</u>	<u>\$ 3,770,410</u>	<u>\$ 3,782,390</u>
Operating Expenses				
Wages and Salaries	\$ 1,546,762	\$ 1,455,882	\$ 1,395,552	\$ 1,289,554
Employee benefits	\$ 802,638	\$ 751,167	\$ 771,987	\$ 665,786
Truck and auto expense	\$ 88,433	\$ 90,270	\$ 100,317	\$ 103,221
Line repairs and maintenance	\$ 359,823	\$ 288,524	\$ 217,651	\$ 206,802
Supplies	\$ 10,692	\$ 14,275	\$ 14,395	\$ 17,967
Electric power	\$ 18,157	\$ 13,223	\$ 19,076	\$ 11,751
Other utilities	\$ 12,345	\$ 12,451	\$ 13,335	\$ 13,168
Telephone	\$ 17,028	\$ 14,142	\$ 12,298	\$ 13,131
Uniforms	\$ 7,192	\$ 6,948	\$ 7,124	\$ 6,310
Emergency	\$ 9,858	\$ 1,042	\$ 1,064	\$ 1,899
Subscriptions and training	\$ 42,056	\$ 44,759	\$ 43,882	\$ 49,910
Insurance	\$ 56,101	\$ 54,476	\$ 55,866	\$ 43,539
Operating expenses from CVWRF joint	\$ 2,736,081	\$ 2,695,038	\$ 2,430,301	\$ 2,395,610
Building maintenance	\$ 27,319	\$ 24,701	\$ 23,554	\$ 25,511
Legal services	\$ 27,809	\$ 45,884	\$ 14,570	\$ 27,696
Audit and Accounting fees	\$ 11,000	\$ 10,500	\$ 7,500	\$ 7,800
Nose-on expense	\$ -	\$ 1,814	\$ 2,716	\$ 2,848
Blue Stakes	\$ 7,618	\$ 7,570	\$ 7,217	\$ 7,851
District trustee fee and expenses	\$ 15,000	\$ 15,000	\$ 15,000	\$ 13,500
Postage	\$ 71,503	\$ 63,453	\$ 19,166	\$ 19,097
Data processing	\$ 9,529	\$ 8,113	\$ 7,320	\$ 7,233
Depreciation	\$ 625,279	\$ 668,312	\$ 700,174	\$ 789,106
Miscellaneous	\$ 30,023	\$ 23,554	\$ 19,185	\$ 21,556
Bad debt expense	\$ -	\$ 4,785	\$ 5,211	\$ 4,923
Professional services	\$ 3,658	\$ 4,451	\$ -	\$ 1,584
Bond expense	\$ 71,607	\$ -	\$ -	\$ -
Election expenses	\$ -	\$ 249	\$ -	\$ 5,962
Total Operating Expenses	<u>\$ 6,607,511</u>	<u>\$ 6,320,583</u>	<u>\$ 5,904,461</u>	<u>\$ 5,753,315</u>
Loss from Operations	<u>\$ (2,775,212)</u>	<u>\$ (2,521,299)</u>	<u>\$ (2,134,051)</u>	<u>\$ (1,970,925)</u>
Non-Operating Revenues (Expenses)				
Interest income	\$ 167,247	\$ 243,455	\$ 588,046	\$ 884,711
Gain on Sale of capital assets	\$ -	\$ -	\$ 11,752	\$ 7,351
County property taxes	\$ 1,564,017	\$ 1,509,929	\$ 1,521,809	\$ 1,547,158
Miscellaneous income (expense)	\$ -	\$ -	\$ -	\$ 7,381
Paying Agent fees	\$ (1,329)	\$ (1,240)	\$ (740)	\$ (723)
Interest expense	\$ (154,758)	\$ (156,237)	\$ (178,230)	\$ (178,831)
Equity loss from CVWRF joint venture	\$ (285,381)	\$ (1,346,616)	\$ (1,593,950)	\$ (1,577,569)
Net Non-Operating Revenues	<u>\$ 1,289,796</u>	<u>\$ 249,291</u>	<u>\$ 348,687</u>	<u>\$ 689,478</u>
Net Loss Before Capital Contributions	<u>\$ (1,485,416)</u>	<u>\$ (2,272,008)</u>	<u>\$ (1,785,364)</u>	<u>\$ (1,281,447)</u>
Capital Contributions				
Capacity Fees	\$ 181,750	\$ 188,569	\$ 215,334	\$ 280,260
Developer contributed sewer lines	\$ 121,170	\$ 252,000	\$ 459,071	\$ 2,190,544
Total Capital Contributions	<u>\$ 302,920</u>	<u>\$ 440,569</u>	<u>\$ 674,405</u>	<u>\$ 2,470,804</u>
Change in Net Assets	<u>\$ (1,182,496)</u>	<u>\$ (1,831,439)</u>	<u>\$ (1,110,959)</u>	<u>\$ 1,189,357</u>
Net Assets - Beginning of Year	<u>\$ 45,534,761</u>	<u>\$ 47,366,200</u>	<u>\$ 48,477,159</u>	<u>\$ 47,287,802</u>
Net Assets - End of Year	<u>\$ 44,352,265</u>	<u>\$ 45,534,761</u>	<u>\$ 47,366,200</u>	<u>\$ 48,477,159</u>

(Source: The District's audited financial statements for the years ended December 31, 2007 through December 31, 2010. The summary itself has not been audited)

SALT LAKE CITY SUBURBAN SANITARY DISTRICT No.1
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
BUDGETED AMOUNTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011
(This summary is unaudited)

	2011
Operating Revenues	
Sewer Fees	\$ 4,308,474
Inspection Fees	\$ 3,500
Nose-on	\$ 2,000
Penalties	\$ 154,015
Miscellaneous Operating revenue	\$ 2,600
Total Operating Revenues	\$ 4,470,589
Operating Expenses	
Wages and Salaries	\$ 1,539,409
Employee benefits	\$ 854,824
Truck and auto expense	\$ 114,085
Line repairs and maintenance	\$ 401,750
Supplies	\$ 19,882
Electric power	\$ 16,674
Other utilities	\$ 13,255
Telephone & Uniforms	\$ 22,382
Emergency	\$ 52,600
Subscriptions and training	\$ 65,146
Insurance	\$ 57,750
Operating expenses from CVWRF joint	\$ 2,868,319
Building maintenance	\$ 26,000
Legal services	\$ 50,000
Audit and Accounting fees	\$ 13,100
Nose-on expense	\$ 1,595
Blue Stakes	\$ 9,000
District trustee fee and expenses	\$ 15,000
Postage	\$ 72,100
Data processing	\$ 51,593
Depreciation (see note #1)	
Miscellaneous	\$ 33,110
Bad debt expense	\$ 5,000
Professional services	\$ 17,000
Election expenses	\$ 9,385
Total Operating Expenses	\$ 6,328,959
Loss from Operations	\$ (1,858,370)
Non-Operating Revenues (Expenses)	
Interest income	\$ 127,000
Gain on Sale of capital assets	\$ -
County property taxes	\$ 1,521,428
Miscellaneous income (expense)	\$ -
Paying Agent fees	\$ (3,340)
Interest expense	\$ (79,525)
Equity loss from CVWRF joint venture (see note #2)	\$ -
Net Non-Operating Revenues	\$ 1,565,563
Net Loss Before Capital Contributions	\$ (292,807)
Capital Contributions	
Capacity Fees	\$ 108,125
Developer contributed sewer lines (see note 3)	\$ -
Total Capital Contributions	\$ 108,125
Change in Net Assets	\$ (184,682)
Net Assets - Beginning of Year	\$ 44,352,265
Net Assets - End of Year (see note 4)	\$ 43,930,790

1-

District's budget is based on Cash Basis only. We do not budget depreciation. (Est @ approx. \$650,000 for 2011)

2-

District's budget is based on Cash Basis only. We do not budget Equity Loss from CVWRF joint ventures. (Est @ approx. \$1,300,000 fro 2011)

3-

District's budget is based on Cash Basis only. We do not budget for Developer Contributed sewer lines. (Est @ approx. \$250,000 fro 2011)

4-

District's budget is based on Cash Basis only. Net Assets amount is an estimate only of beginning yr assets plus capital purchases, plus capital contributions, less depreciation.

SALT LAKE CITY SUBURBAN SANITARY DISTRICT NO. 1

BALANCE SHEET

YEAR ENDED DECEMBER 31

(This summary is unaudited)

CURRENT ASSETS	2010	2009	2008	2007	2006
Cash	\$ 2,215,932.00	\$ 2,373,754.00	\$ 233,289.00	\$ 167,663.00	\$ 115,576.00
Investments	1,489,472	5,458,606	8,613,856	8,868,610	8,507,836
Accounts receivable	146,312	178,556	217,844	227,008	249,473
Interest receivable	3,314	6,494	26,886	26,667	28,184
Tax collection receivable	65,025	69,297	54,707	26,309	27,303
Unremitted property liens	99,756	79,216	57,194	62,794	47,650
Prepaid insurance	28,171	27,766	28,007	28,723	11,524
Inventory -gas, oil parts	22,889	30,455	34,386	31,842	30,448
Total Current Assets	4,070,871	8,224,144	9,266,169	9,439,616	9,017,994
Investments	6,271,108	6,271,108	6,270,632	6,270,632	6,268,076
Investment in CVWRF Joint Venture	24,800,320	24,600,444	24,376,401	25,365,397	26,483,169
Working Capital Advances to CVWRF	320,275	320,275	320,275	320,275	320,275
Capital Assets					
Land	449,836	449,836	449,836	449,836	449,836
Sewer systems and Equipment	33,860,908	33,699,316	35,006,872	34,506,636	32,044,072
Less accumulated depreciation	(21,427,863)	(20,802,584)	(21,764,433)	(21,104,418)	(20,315,312)
Net Capital Assets	12,882,881	13,346,568	13,692,275	13,852,054	12,178,596
Total Assets	\$ 48,345,455	\$ 52,762,539	\$ 53,925,752	\$ 55,247,974	\$ 54,268,110
LIABILITIES AND NET ASSETS					
Liabilities					
Current Liabilities					
Accounts payable	\$ 73,852	\$ 12,568	\$ 13,021	\$ 19,643	\$ 19,809
Accounts payable -CVWRF	280,076	339,795	338,153	355,953	281,534
Excess property tax payable	-	-	-	-	-
Accrued payroll taxes	-	-	5,847	5,512	-
Deposits	1,800	4,400	5,000	7,224	40,224
Interest payable	23,196	117,167	126,807	119,500	119,500
Deferred revenue	305,234	291,742	488,202	475,901	466,485
Bond-current portion	265,000	301,607	278,984	274,911	272,875
Total Current Liabilities	949,158	1,067,279	1,256,014	1,258,644	1,200,427
Long-Term Liabilities					
Accumulated leave	298,793	296,852	267,958	197,607	190,407
Bond - long-term portion/ premium	2,745,239	5,863,647	5,035,580	5,314,564	5,589,474
Total Long-Term Liabilities	3,044,032	6,160,499	5,303,538	5,512,171	5,779,881
Total Liabilities	3,993,190	7,227,778	6,559,552	6,770,815	6,980,308
Net Assets					
Invested in capital assets, net of related debt	12,882,881	13,346,568	13,692,275	13,852,054	12,178,596
Unrestricted	31,469,384	32,188,193	33,673,925	34,625,105	35,109,206
Total Net Assets	44,352,265	45,534,761	47,366,200	48,477,159	47,287,802
Total Liabilities and Net Assets	\$ 48,345,455	\$ 52,762,539	\$ 53,925,752	\$ 55,247,974	\$ 54,268,110

(Source: The District's audited financial statements for the years ended December 31, 2006 through December 31, 2010. The summary itself has not been audited)

Salt Lake City Suburban Sanitary District No.1
Outstanding Indebtedness of the District

OUTSTANDING REVENUE BONDS

Series	Purpose	Original Amount	Final Maturity Date	Current Balance Outstanding
2010	Refunding	\$ 2,815,000	December 15, 2019	\$ 2,815,000