HANSEN, BARNETT & MAXWELL, P.C.
Certified Public Accountants

REDEVELOPMENT AGENCY OF SALT LAKE CITY
(An Enterprise Fund of Salt Lake City Corporation, Utah)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

June 30, 2012 and 2011

an independent member of BAKER TILLY INTERNATIONAL
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REDEVELOPMENT AGENCY OF SALT LAKE CITY

JUNE 30, 2012 FINANCIAL STATEMENTS

REDEVELOPMENT AGENCY OF SALT LAKE CITY

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HANSEN, BARNETT & MAXWELL, P.C.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Redevelopment Agency of Salt Lake City

We have audited the accompanying balance sheets of the Redevelopment Agency of Salt Lake City ("the Agency"), an enterprise fund of Salt Lake City Corporation, as of June 30, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2012 and 2011, and changes in its net assets and its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Required Supplementary Information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Hansen, Barnett + Maxwell, P.C.

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
October 4, 2012

SALT LAKE CITY REDEVELOPMENT AGENCY
(An Enterprise Fund of Salt Lake City Corporation, Utah)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Redevelopment Agency of Salt Lake City (Agency) 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, 2012 and 2011. As management of the Agency, we encourage readers to consider information contained in this discussion.

FINANCIAL HIGHLIGHTS

The assets of the Agency exceeded its liabilities at the end of the 2012 and 2011 fiscal years by $136,307,000 and $129,381,000 respectively (net assets). Of the total amounts, $93,589,000 for fiscal 2012 and $79,988,000 for fiscal 2011 are available to meet ongoing obligations to creditors. The remaining net assets, $42,718,000 and $49,393,000 for fiscal 2012 and 2011 respectively, are either restricted or invested in capital assets, net of related debt, and therefore not available to meet the Agency's ongoing obligations.

Net assets increased by $6,926,000 in fiscal 2012 and $7,160,000 in fiscal 2011. The lower increase in net assets during fiscal 2012 occurred mostly from depreciation of existing capital assets and a loss on disposition of assets. Offsetting the major downward pressure of the increase was a moderate increase in other income. Other minor factors were slightly lower construction capitalization and still lower interest income from investments as a result of slightly lower interest rates. Total long-term debt decreased by $2,640,000 during fiscal 2012 and $2,743,000 for fiscal 2011. During fiscal 2012, the Agency issued $3,740,000 revenue bonds to refund and fully pay the then outstanding $3,695,000 balance of the 2002 revenue bonds. Although the Agency incurred a deferred loss of $67,000, it saved a difference of $284,000 in future cash flows and realized an economic gain of $275,000. During fiscal 2011, no new revenue bonds were issued while the principal payments on existing bonds continued to be made.

A significant portion of total assets is the unrestricted cash amounting to $56,055,000 in fiscal 2012 and $50,656,000 in fiscal 2011. Statutorily, the Agency is required to spend the tax increment funds generated in each of its projects area within the boundaries of the project area except for affordable housing projects. No one project or project area has access to all of the unrestricted cash balance shown above. In addition, the Board of the Agency has a budgetary practice to follow a pay-as-you-go funding mechanism. For large projects this means budgeting over multiple years then beginning the project. This allows the Agency to accumulate sufficient funds for the project or projects rather than incurring debt for financing.

Another portion of assets is the loans receivable balance. These loans to individuals and businesses for acquisition, rehabilitation or façade renovation continue to be an important aspect of the Agency's blight elimination mission. During fiscal year 2012, new loans totaling $7,592,000 were originated, but not necessarily funded, and principal payments of $5,952,000 were received. For fiscal year 2011, the loan amounts originated, but not necessarily funded, and principal received were $3,532,000 and $5,101,000, respectively. The Agency's loans receivable decreased by $2,866,000 in fiscal 2012 and decreased by $3,778,000 in fiscal 2011, which brings the current balance to $21,865,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to Redevelopment Agency of Salt Lake City's basic financial statements and the 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 Agency.

The balance sheet shows the Agency's total 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 the Agency is improving or declining.

The statement of revenues, expenses and changes in net assets shows the changes to net assets that occurred during the two most recent fiscal years. These changes are recorded when the underlying event that causes the change occurs regardless of when the cash transaction takes place. Therefore revenues and expenses are recorded in the statement of activities for some items that the resulting cash flows occur in a future period. Examples are future debt interest payments, when the fiscal year ends between interest payments, and earned, but not yet received, interest on investments.

The statement of cash flows shows the inflows and outflows of cash as a result of transactions in four categories. The categories are operating activities, capital and related financing activities, non-capital and related financing activities and investing activities.

Notes to the financial statements contain additional information important to a complete understanding of the information contained in the financial statements. Notes to the financial statements begin on page 12 of this report.

OTHER INFORMATION

Legislatively required supplemental schedules containing selected information by project area are contained in this report immediately following the notes to the financial statements and can be found on pages 26 - 28.

FINANCIAL ANALYSIS

As mentioned earlier, net assets may over time indicate the Agency's financial position. The Agency's assets exceeded its liabilities by $136,307,000 and $129,380,000 at the close of the fiscal years ended June 30, 2012 and 2011 respectively.

The majority (99 percent in fiscal 2012and 97 percent in fiscal 2011) of the Agency's net assets are comprised of its un-restricted net assets and restricted net assets invested in capital assets – net of related debt, and results from the Agency's ongoing purpose of eliminating urban blight. The Agency has issued debt to support several large scale economic development and public infrastructure projects. As an incentive to a developer, the Agency may sell land for less than its cost or market value. Newly developed properties generate increased property taxes, a portion of which the Redevelopment Agency receives to pay debt and finance ongoing activities. The other portion (1 percent in fiscal 2012 and 3 percent in fiscal 2011) of net assets represents resources that have external restrictions on how they can be used.

REDEVELOPMENT AGENCY OF SALT LAKE CITY NET ASSETS

	June 30, 2012	June 30, 2011	June 30, 2010
Current and other assets	$ 119,624,069	$ 115,805,726	$ 118,051,657
Capital Assets	40,898,115	45,798,828	41,974,128
Total Assets	160,522,184	161,604,554	160,025,785
Liabilities			
Revenue bonds	7,835,314	10,475,222	13,218,319
Other Liabilities	16,379,892	21,748,487	24,586,372
Total Liabilities	24,215,206	32,223,709	37,804,691
Net Assets:			
Invested in capital assets - net of related debt	40,898,115	45,798,828	41,974,128
Restricted for debt service, capital construction and undisbursed loan commitments held in escrow	1,820,181	3,594,195	290,782
Unrestricted	93,588,682	79,987,822	79,956,184
Total net assets	$ 136,306,978	$ 129,380,845	$ 122,221,094

Agency Activities

As mentioned earlier, the Redevelopment Agency increased its total net assets by $6,926,000 in fiscal 2012 and $7,180,000 in fiscal 2011.

The Agency's receipt of incremental property taxes, that portion of property taxes generated from higher property values from earlier redevelopment activities, increased by $760,000 (2.88 percent) during fiscal 2012, and by $2,631,000 (11.01 percent) in fiscal 2011. Interest income decreased by $93,000 (7.87 percent) in fiscal 2012 compared to fiscal 2011 and was caused mostly by lower loans receivable balances generating lower interest income. A small portion was caused by a continuing slide in interest rates. Miscellaneous income increased by $329,000 (182.68 percent). Nearly all of the increase is from the Gallivan Utah Center Owners Association (GUCOA) contributing to the Gallivan Center's improvements.

Expenses increased by $1,312,000 in fiscal 2012 compared to 2011. The biggest change was a large loss on the disposition of assets during 2012. Offsetting this large increase were some smaller decreases in debt service interest and fiscal charges and well as a decrease in all other activities.

Expenses increased by $3,251,000 (18%) during fiscal 2011 compared to the prior year (fiscal 2010). The greatest single increase occurred in payments to the taxing entities. The Redevelopment Agency has agreements with these entities that payments to them move up or down along with the incremental property tax received by the Agency, and the increased property taxes received drove these payments higher. Higher acquisition activities and miscellaneous projects also increased compared to fiscal 2010.

REDEVELOPMENT AGENCY OF SALT LAKE CITY
Changes in net assets

	Fiscal 2012	Fiscal 2011	Fiscal 2010
Revenues			
Program revenues:			
Rental and other income	$ 1,235,534	$ 1,153,072	$ 1,318,794
General revenues:			
Property Taxes	27,146,847	26,387,257	23,756,530
Interest and investment valuation income	1,086,686	1,179,508	3,251,205
All other income	508,711	179,959	194,185
Total revenues	29,977,778	28,899,796	28,520,714
Expenses			
Public Improvements	1,198,794	1,042,678	819,893
Grants	75,892	38,268	6,649
Debt service interest and fiscal charges	1,983,071	2,455,903	2,883,393
Payments to other taxing entities	9,471,496	9,478,725	7,775,060
Loss on asset dispositions	2,270,635	-	-
Depreciation and amortization	2,124,079	1,930,622	1,932,188
All other activities	5,927,678	6,793,849	4,404,855
Total expenses	23,051,645	21,740,045	17,822,038
Increase in net assets	6,926,133	7,159,751	10,698,676
Net assets, beginning	129,380,845	122,221,094	113,971,738
Net assets, ending	$ 136,306,978	$ 129,380,845	$ 124,670,414

Capital Asset and Debt Administration

Capital asset investments by the Redevelopment Agency of Salt Lake City consist of land, land improvements, buildings, construction in process and a small amount of equipment. The investment in capital assets, net of accumulated depreciation, decreased by $4,981,000 in fiscal 2012 and increased by $3,825,000 in fiscal 2011. During fiscal 2012, the Agency amended its plans for the Utah Theater building and the land beneath. A small portion of the building space was improved and rented to retail establishments. The remaining much larger portion was characterized as land and buildings held for resale, which are not capital assets. A much less significant reason was the depreciation of the Gallivan Center and some other buildings put in service during fiscal 2012. The largest component of change in fiscal year 2011 was the continuing construction and improvement on the Gallivan Center, the Utah Theater and the Rio Grande Hotel.

REDEVELOPMENT AGENCY OF SALT LAKE CITY
Capital Assets, net of depreciation

	Fiscal 2012	Fiscal 2011	Fiscal 2010
Land and easement rights	$ 16,515,446	$ 16,436,520	$ 16,436,520
Land improvements	22,378,770	15,865,308	17,793,987
Buildings	1,005,698	-	-
Construction in progress	930,126	13,496,030	7,740,707
Equipment	68,075	970	2,914
Total	$ 40,898,115	$ 45,798,828	$ 41,974,128

Additional information relating to the capital assets of the Agency can be found in Note 5, beginning on page 17 of this report.

Long-term debt of the Agency totaled $7,835,000 and $10,475,000 at the end of fiscal 2012 and fiscal 2011 respectively. Fiscal 2012 and Fiscal 2011 consist entirely of revenue bonds which are secured by specified revenue sources. All three fiscal years shown in the following table contain amounts that are due to be paid on or before the end of following fiscal year.

REDEVELOPMENT AGENCY OF SALT LAKE CITY
Long term debt, net of premiums and discounts

	Fiscal 2012	Fiscal 2011	Fiscal 2010
Revenue bonds	$ 7,835,314	$ 10,475,222	$ 13,218,319
Total	$ 7,835,314	$ 10,475,222	$ 13,218,319

Additional information on the Redevelopment Agency's long-term debt can be found in Note 6, beginning on page 18 of this report.

Requests for information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Redevelopment Agency of Salt Lake City, 451 South State Street, Room 418, P.O. Box 145518 Salt Lake City Utah, 84114-5518.

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REDEVELOPMENT AGENCY OF SALT LAKE CITY
(An Enterprise Fund of Salt Lake City Corporation)
BALANCE SHEETS
JUNE 30, 2012 and 2011

ASSETS	2012	2011
Current Assets:		
Unrestricted cash and cash equivalents	$ 56,055,020	$ 50,656,394
Restricted cash and cash equivalents - current portion	1,807,116	3,335,227
Accounts receivable	10,537	-
Loans receivable-current portion, including interest receivable of $90,447 and $168,890, respectively	981,899	1,462,440
Prepaid expenses	13,267	6,000
Total current assets	58,867,839	55,460,061
Noncurrent Assets:		
Capital assets, at cost:		
Land and rights	16,515,446	16,436,520
Parking facilities and plaza	54,568,616	45,954,186
Other buildings	1,020,275	-
Office furniture and equipment	179,941	104,302
Construction in progress	930,126	13,496,030
Accumulated depreciation	(32,316,289)	(30,192,210)
Net capital assets	40,898,115	45,798,828
Bond issue costs, net of accumulated amortization of $696,937 and $986,808, respectively	62,019	51,458
Loans and other long-term receivables, net of unrealized gain of $0 and $64,240, respectively	20,883,077	23,268,564
Restricted cash and cash equivalents, net of current portion	13,066	258,968
Land and buildings held for resale, net	39,798,068	36,766,675
Total noncurrent assets	60,756,230	60,345,665
Total assets	$ 160,522,184	$ 161,604,554
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 569,930	$ 1,370,708
Related party deposits and advance rentals - current portion	27,895	43,535
Accrued compensation - current portion	39,035	23,210
Accrued interest payable - current portion	5,564,417	5,514,630
Bonds payable - current portion	2,718,203	2,710,595
Total current liabilities	8,919,480	9,662,678
Noncurrent Liabilities:		
Accrued compensation, net of current portion	97,897	83,869
Related party deposits and advance rentals, net of current portion	6,717	481,217
Other post-employment benefits	96,000	68,000
Accrued interest payable, net of current portion	9,978,001	14,163,318
Bonds payable, net of premiums, defeasance and current portion	5,117,111	7,764,627
Total noncurrent liabilities	15,295,726	22,561,031
Total liabilities	24,215,206	32,223,709
NET ASSETS		
Invested in capital assets, net of related debt	40,898,115	45,798,828
Restricted for debt service and undisbursed loan commitment held in escrow	1,820,182	3,594,195
Unrestricted	93,588,681	79,987,822
Total net assets	136,306,978	129,380,845
Total liabilities and net assets	$ 160,522,184	$ 161,604,554

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

REDEVELOPMENT AGENCY OF SALT LAKE CITY
(An Enterprise Fund of Salt Lake City Corporation)
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011

	2012	2011
Operating Revenues:		
Rental and other income	$ 1,235,534	$ 1,153,072
Interest income from loans receivable	679,228	769,538
Miscellaneous	508,711	179,959
Total operating revenues	2,423,473	2,102,569
Operating Expenses:		
Plaza management	659,075	658,255
Public improvements	1,198,794	1,042,678
Property management	684,525	798,008
Acquisition expenses	30,845	980,247
Other projects	2,434,028	2,830,646
Administration	1,791,005	1,503,661
Depreciation	2,124,079	1,930,622
Payments to other taxing agencies	9,471,496	9,478,725
Grants	75,892	38,268
Total operating expenses	18,469,739	19,261,110
Operating Loss	(16,046,266)	(17,158,541)
Nonoperating Revenues (Expenses):		
Property taxes	27,146,847	26,387,257
Property tax refunds	(197,564)	(23,032)
Assessment and collection levies	(130,636)	-
Loss on sale of capital assets	(2,270,635)	-
Interest income	407,458	409,970
Interest and fiscal charges	(1,983,071)	(2,455,903)
Total nonoperating revenues (expenses)	22,972,399	24,318,292
Change in Net Assets	6,926,133	7,159,751
Net Assets Beginning of Year	129,380,845	122,221,094
Net Assets End of Year	$ 136,306,978	$ 129,380,845

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

REDEVELOPMENT AGENCY OF SALT LAKE CITY
(An Enterprise Fund of Salt Lake City Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities:		
Cash received from customers	$ 1,744,245	$ 1,333,032
Cash paid to suppliers	(16,046,827)	(15,715,443)
Cash paid to employees	(1,079,076)	(972,043)
Loans disbursed	(3,132,479)	(1,215,381)
Principal collected on loans receivable	5,973,767	5,101,325
Interest collected on loans receivable	757,671	673,121
Net cash used in operating activities	(11,782,699)	(10,795,389)
Cash Flows from Capital and Related Financing Activities:		
Payments for acquisition of land held for sale	-	(404,845)
Payments for acquisition of capital assets	(5,089,067)	(5,755,322)
Proceeds from sale of capital assets	2,563,673	-
Principal payments on bonds payable	(6,379,908)	(2,743,097)
Interest and fiscal charges paid on bonds payable	(6,118,601)	(6,023,692)
Net cash used in capital and related financing activities	(15,023,903)	(14,926,956)
Cash Flows from Noncapital and Related Financing Activities:		
Property taxes received	27,146,847	26,387,257
Cash settlement of property tax refund payable	(197,564)	(23,032)
Collection and assessment levies	(130,636)	-
Cash proceeds from issuance of bond	3,740,000	-
Cash paid for bond issue costs	(44,750)	-
Cash received (reimbursed) on deposit	(15,640)	(630)
Cash received (reimbursed) on deposit - related party	(474,500)	98,473
Net cash provided by noncapital and related financing activities	30,023,757	26,462,068
Cash Flows from Investing Activities:		
Interest received from investments and cash and cash equivalents	407,458	409,970
Net cash provided by investing activities	407,458	409,970
Net Change in Cash and Cash Equivalents	3,624,613	1,149,693
Cash and Cash Equivalents:		
Beginning of year	54,250,589	53,100,896
End of year	$ 57,875,202	$ 54,250,589
Balance Sheet Presentation of Cash and Cash Equivalents:		
Unrestricted	$ 56,055,020	$ 50,656,394
Restricted - current portion	1,807,116	3,335,227
Restricted	13,066	258,968
Total Cash and Cash Equivalents	$ 57,875,202	$ 54,250,589

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

REDEVELOPMENT AGENCY OF SALT LAKE CITY
(An Enterprise Fund of Salt Lake City Corporation)
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2012 and 2011

	2012	2011
Reconciliation of Operating Loss to Net		
Cash Used in Operating Activities:		
Operating loss	$ (16,046,266)	$ (17,158,541)
Adjustments to reconcile operating loss to net		
cash used in operating activities:		
Depreciation	2,124,079	1,930,622
Amortization of bond issue costs	34,189	28,852
Recognition of gain on loans	(64,240)	(11,910)
Accrued interest on notes receivable	78,443	(96,416)
Increase (decrease) from changes in:		
Accounts payable and accrued liabilities	(800,778)	635,830
Accrued compensation	29,853	(35,770)
Other post-employment benefits	28,000	32,000
Prepaid expenses	(7,267)	(6,000)
Total	(14,623,987)	(14,681,333)
Loans disbursed	(3,132,479)	(1,215,381)
Principal collected on loans	5,973,767	5,101,325
Net cash used in operating activities	$ (11,782,699)	$ (10,795,389)

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and History—The Redevelopment Agency of Salt Lake City (the "Agency") was established in 1969 by Salt Lake City Corporation (the "City") pursuant to the provisions of the Community Development and Renewal Agencies Act. The Agency is charged with the responsibility for the elimination of blight through the process of redevelopment in designated project areas. This objective is generally accomplished through: installation of public improvements, grants and loans provided to residents and businesses for improvements, and acquisition and preparation of land sites and sale of such land for development by the private or public sector. As an incentive to a developer, the Agency may sell land for less than its cost or market value.

Basis of Presentation—The Agency, a separate legal entity that operates as an enterprise fund, is a blended component unit of the City and is included in the City's comprehensive annual financial report. The accompanying financial statements include certain funds which were established in accordance with bond requirements. The records of the Agency are maintained on the accrual basis of accounting.

Cash and Cash Equivalents—The Agency considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments—Investments are shown at fair value, based upon quoted market prices. A portion of the Agency's investments at June 30, 2012 and 2011 are deposited in the pooled cash account of the City. The City's pooled cash account is invested primarily in the Public Treasurer's Investment Fund (the "Treasurer's Fund") which is not registered with the Securities and Exchange Commission. Regulatory oversight of the Treasurer's Fund is provided by the Money Management Council, which is subsequently monitored by the State of Utah. The fair market value of the Agency's position in the fund is the same as the value of the fund shares owned by the Agency.

Allowance for Doubtful Receivables—The Agency has not experienced any significant bad debt expense in the past and as management does not believe there are any impairments with the loan portfolio at June 30, 2012 and 2011, therefore, no reserve for bad debt expense has been established.

Capital Assets—Property, equipment, and land are carried at cost. Depreciation of equipment and structures is computed using the straight-line method over the estimated useful lives that range from 5 to 25 years. No depreciation is provided on construction in process until the construction project is complete and the asset is placed into service. When assets are retired or otherwise disposed of, costs and related accumulated depreciation, if any, are removed, and any resulting gain or loss is included in revenues or expenses. The capitalization threshold for capital assets is $5,000.

Capitalization of Interest Costs—The Agency capitalizes, as a cost of capital assets that portion of its interest costs (net of any interest earned on related interest bearing investments acquired with proceeds of related tax-exempt borrowings) which represents interest incurred during the construction period on qualifying capital assets.

Land and Buildings Held for Resale**—**Land and buildings held for resale, purchased as part of the Agency's redevelopment efforts, are carried at the lower of cost or net realizable value. The cost of buildings and improvements that the Agency determines not to be recoverable are expensed. Gains and losses (including impairment) on land and buildings held for resale are included in revenues and expenses.

Amortization of Bond Issuance Costs and Bond Discount or Premium**—**Amortization of bond discount or premium is computed using the effective-interest method over the life of the related bonds. Bond issuance costs are recorded in the balance sheet as a deferred charge and amortized using the straight-line method over the lives of the underlying bonds. Amortization expense is included in interest expense.

Property Taxes**—**Property taxes received represent the portion of the incremental property tax in the designated area attributable to increases over the base year in which the property was designated as a redevelopment area.

Revenue Recognition**—**Revenue for services is recognized at the time the service is performed. Rental revenue, interest revenue from loans, and miscellaneous revenue are reported as operating revenues. Transactions which are capital, financing or investing related, including property tax revenues, are reported as non-operating revenues. All expenses related to operating the Agency are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Recent Accounting Pronouncements— In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61: *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This statement also clarifies the reporting of equity interests in legally separate organizations. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2012. The Agency does not expect that this statement will have a material impact on its financial statements.

Use of Estimates**—**The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Agency to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 amounts could differ from those estimates.

Reclassifications—Certain 2011 amounts have been reclassified to conform with the current year presentation. These reclassifications had no affect on the change in net assets.

NOTE 2—CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30:

	2012	2011
Cash and cash equivalents:		
Money market accounts	$ 4,245,769	$ 4,467,419
Investments in the pooled investment account of Salt Lake City Corporation	53,629,433	49,783,170
	$ 57,875,202	$ 54,250,589
Financial statement presentation:		
Unrestricted cash and cash equivalents	$ 56,055,020	$ 50,656,394
Restricted cash and cash equivalents - current portion	1,807,116	3,335,227
Restricted cash and cash equivalents	13,066	258,968
	$ 57,875,202	$ 54,250,589

The Agency maintains funds in the City's pooled cash and investment accounts. The Agency pays the City or receives from the City an allocation of interest expense or income based upon its relative balance in the pooled accounts.

Deposits—It is the policy of Salt Lake City Corporation to invest public funds in accordance with 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.

City policy provides that not more than 25 percent of the total City funds or 25 percent of the Qualified Depository's allotment, whichever is less can be invested in any one Qualified Depository. Not more than 20 percent 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. All of the Agency's deposits during the years ended June 30, 2012 and 2011 were made with Qualified Depositories.

Deposit Custodial Credit Risk—Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The State of Utah does not require collateral on deposits. As of June 30, 2012 and 2011, none of the Agency's cash balance was covered by federal depository insurance. The Agency's cash balances of $57,875,202 and $54,250,589 as of June 30, 2012 and 2011, respectively, were uninsured and uncollateralized and therefore were exposed to some degree of custodial credit risk.

Investments—The Agency's investment balances as of June 30, 2012 and 2011, included in cash and cash equivalents, were $53,629,433 and $49,783,170, respectively.

The City may place public money in investments 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: Obligations of the U.S. Treasury and most Government-Sponsored Agencies; Commercial paper; Bankers Acceptances; Publicly traded fixed rate corporate obligations; Certain variable rate securities and deposits;

Deposits with the State Public Treasurer's Investment Pool; Certain fixed rate negotiable deposits with a qualified depository or through a certified dealer; Qualifying repurchase agreements; Open-end managed money market mutual funds; Utah State Treasurer's Investment Pool; and Investment with deferred compensation plan administrators.

The Agency did not enter into any reverse repurchase agreements during the years ended June 30, 2012 and 2011.

The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3—RESTRICTED NET ASSETS

Certain cash and cash equivalents and investments are restricted by provisions of the applicable bond resolutions adopted and entered into by the Agency (Note 6) and for cash held in escrow for undisbursed loan proceeds.

The following is a summary of restricted cash and cash equivalents and investments at June 30:

	2012	2011
Cash held in escrow for undisbursed loans	$ 1,807,116	$ 3,335,227
Tax Increment Bond proceeds restricted for debt service under the related bond resolution in the event that no other funds are available	12,098	258,867
Restricted for Tax Increment Bond debt service under the related bond resolutions in the event that no other funds are available	968	101
Total restricted net assets	$ 1,820,182	$ 3,594,195

NOTE 4—LOANS AND OTHER LONG-TERM RECEIVABLES

The following is a summary of loans and other long-term receivables at June 30:

	2012	2011
Tax increment rehabilitation loans bearing interest from 0% to 5%. Principal and interest payable in monthly installments.	$ 13,102,000	$ 10,884,911
Loans bearing interest at 3% to 7%, interest payable monthly; collateralized by property, letters of credit, and restricted cash accounts; includes accrued interest of $2,218 and $75,417, respectively.	4,453,749	9,571,544
Housing loans bearing interest from 0% to 3%, with principal and interest due monthly; collateralized by property; includes accrued interest of $88,229 and $93,473 respectively.	4,309,227	4,338,789
Less unamortized discount on non-interest bearing loans of $150,000 due February 2026, $582,644 due May 2015, rate of 3%	-	(64,240)
Total	21,864,976	24,731,004
Less current portion	(981,899)	(1,462,440)
Total loans and other long-term receivables	$ 20,883,077	$ 23,268,564

As of June 30, 2012 and 2011, the Agency had committed to, and approved funding for, additional loans totaling $8,001,695 and $3,531,708, which funds have not yet been disbursed. Of this amount, $1,807,116 had been placed into escrow by the Agency and is included in restricted cash as of June 30, 2012.

NOTE 5—CAPITAL ASSETS

The following is a summary of transactions affecting capital assets for the year ended June 30, 2012:

Description	Balance July 1, 2011	Additions	Reclassification of CIP	Retirements	Balance June 30, 2012
Office furniture and equipment	$ 104,302	$ 75,639	$ -	$ -	$ 179,941
Parking facilities	34,024,833	-	6,350	-	34,031,183
Other buildings	-	1,020,275	-	-	1,020,275
Plaza	11,929,353	-	8,608,080	-	20,537,433
Construction in process	13,496,030	2,553,546	(15,119,450)	-	930,126
Land	16,436,520	78,926	-	-	16,515,446
Total	75,991,038	3,728,386	(6,505,020)	-	73,214,404
Accumulated depreciation:					
Office furniture and equipment	(103,332)	(8,661)	-	-	(111,993)
Parking facilities	(21,976,107)	(1,639,401)	-	-	(23,615,508)
Other buildings	-	(21,499)	-	-	(21,499)
Plaza	(8,112,771)	(454,518)	-	-	(8,567,289)
Total accumulated depreciation	(30,192,210)	(2,124,079)	-	-	(32,316,289)
Net capital assets	$ 45,798,828	$ 1,604,307	$ (6,505,020)	$ -	$ 40,898,115

The following is a summary of transactions affecting capital assets for the year ended June 30, 2011:

Description	Balance July 1, 2010	Additions	Reclassification of CIP	Retirements	Balance June 30, 2011
Office furniture and equipment	$ 104,302	$ -	$ -	$ -	$ 104,302
Parking facilities	34,024,833	-	-	-	34,024,833
Plaza	11,929,353	-	-	-	11,929,353
Construction in process	7,740,708	5,755,322	-	-	13,496,030
Land	16,436,520	-	-	-	16,436,520
Total	70,235,716	5,755,322	-	-	75,991,038
Accumulated depreciation:					
Office furniture and equipment	(101,389)	(1,943)	-	-	(103,332)
Parking facilities	(20,594,224)	(1,381,883)	-	-	(21,976,107)
Plaza	(7,565,975)	(546,796)	-	-	(8,112,771)
Total accumulated depreciation	(28,261,588)	(1,930,622)	-	-	(30,192,210)
Net capital assets	$ 41,974,128	$ 3,824,700	$ -	$ -	$ 45,798,828

Of the $15,119,450 reclassified from construction in progress, $6,505,020 was reclassified to Land and Buildings Held for Resale on the accompanying Balance Sheet.

Land includes approximately $10,598,000 for Block 79, site of the Energy Solutions Arena sports complex. Block 79 was leased to Larry H. Miller Arena Corporation for 50 years at $1 per year. The lease will expire on June 7, 2040.

Land, parking facilities, construction in progress and plaza include approximately $40,708,000 of costs associated with the acquisition and construction of Block 57, site of a parking facility and a public plaza. During the year ended June 30, 2009, the Agency began renovations on the Block 57 public plaza. Costs for the renovation include architecture and engineering fees totaled $8,343,984. During 2012, these costs were reclassified from construction in progress to Plaza, along with additional construction projects in progress relating to the acquisition of land and buildings on Blocks 62 and 69. Land and parking facilities also include approximately $11,084,000 of costs associated with the acquisition of land and construction of a parking facility and walkway on Blocks 53 and 56.

NOTE 6—BONDS PAYABLE

The following is a summary of bonds payable at June 30:

	2012	2011
Bonds collateralized by a first pledge of taxes upon taxable property in the redevelopment project area:		
Series December 5, 1990—capital appreciation bonds, 7.20% to 7.35%, due 2006 through 2015	$ 4,146,899	$ 5,757,494
Series 2002 A, 2.12% to 5.05%, refunding bonds, due 2003 through 2015	-	4,795,000
Series 2012 A, 0.95% refunding bonds, due 2013 through 2015	3,740,000	-
Plus unamortized premium Series 2002 A	-	42,689
Less deferred defeasance	(51,585)	(119,961)
Total bonds payable	7,835,314	10,475,222
Less amount due within one year	(2,718,203)	(2,710,595)
Total bonds payable less amount due within one year	$ 5,117,111	$ 7,764,627

The following is a summary of transactions affecting bonds payable for the year ended June 30, 2012:

	Balance, July 1, 2011	Additions	Principal Payments and Reductions	Balance, June 30, 2012	Due Within One Year
Serial Bonds Series December 5, 1990 Capital Appreciation Bonds	$ 5,757,494	$ -	$ (1,610,595)	$ 4,146,899	$ 1,483,203
Refunding Bonds Series 2002A	4,795,000	-	(4,795,000)	-	-
Refunding Bonds Series 2012A	-	3,740,000	-	3,740,000	1,235,000
Add unamortized premiums	42,689	-	(42,689)	-	-
Less deferred defeasance	(119,961)	(67,230)	135,606	(51,585)	-
Total Bond Obligations	$ 10,475,222	$ 3,672,770	$ (6,312,678)	$ 7,835,314	$ 2,718,203

The following is a summary of transactions affecting bonds payable for the year ended June 30, 2011:

		Balance, July 1, 2010		Additions		Principal Payments and Reductions		Balance, June 30, 2011		Due Within One Year
Serial Bonds Series December 5,										
1990 Capital Appreciation Bonds	$	7,487,799	$	-	$	(1,730,305)	$	5,757,494	$	1,610,595
Refunding Bonds Series 2002A		5,835,000		-		(1,040,000)		4,795,000		1,100,000
Add unamortized premiums		72,185		-		(29,496)		42,689		-
Less deferred defeasance		(176,665)		-		56,704		(119,961)		-
Total Bond Obligations	$	13,218,319	$	-	$	(2,743,097)	$	10,475,222	$	2,710,595

The following is a summary of changes in long-term interest payable for the years ended June 30, 2012 and 2011, which includes accreted interest on the 1990 Capital Appreciation Bonds:

		Beginning Balance		Additions		Payments and Reductions		Year End Balance		Due Within One Year
2012	$	19,677,948	$	1,922,944	$	6,058,474	$	15,542,418	$	5,564,417
2011	$	23,245,738	$	2,395,843	$	5,963,633	$	19,677,948	$	5,514,630

Several of the outstanding bonds are subject to redemption at the option of the Agency at specified dates after March 1, 2001, at redemption prices ranging from the principal amount up to the principal amount plus a premium, depending upon the specific terms of the Bond Series.

On April 1, 2002, the Agency issued $16,190,000 in revenue refunding bonds, with an average interest rate of 4.49 percent. The bond proceeds are being used to refund 2002 to 2015 principal payments of Revenue Bonds, Series 1992A and a portion of the 1990A used to finance the Agency activities. The Agency received net proceeds of $16,513,371, including an original issue premium of $407,235 and accrued interest to delivery of $57,164 (after payment of approximately $83,864 in underwriting fees and other issuance costs). These proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the portion of the 1992A and 1990A Series bonds that were advance refunded. On June 3, 2002, all the remaining principal 1992A and the serial portion of the 1990A bonds were redeemed.

The remainder of the Series December 5, 1990 bonds are a result of a financing agreement with the Utah Municipal Finance Cooperative (“MFA”) in issuing the Utah Municipal Finance Cooperative Local Government Revenue Bonds (“Project Bonds”). The Project Bonds are special limited obligations of the MFA payable solely from amounts derived by the Agency under the financing agreement.

On May 1, 2012, the Agency issued $3,740,000 in revenue refunding bonds, with an interest rate of 0.95% percent. The bond proceeds are being used to refund the remaining principal payments of Refunding Bonds, Series 2002A to take advantage of lower interest rates. The Agency received net proceeds of $3,727,332, and accrued interest to delivery of $32,331 (after payment of approximately $12,668 in underwriting fees and other issuance costs). On May 1, 2012, these proceeds were used to pay principal of $3,695,000 and accrued interest of $32,331. A deferred loss of $67,320 was recognized, which will be accreted over the life of the bond using he effective interest method.

Bond issuance costs incurred as a result of the bond issuances are recorded in the balance sheet as a deferred charge and amortized over the lives of the underlying bonds. During the years ended June 30, 2012 and 2011, the Agency expensed $34,189 and $28,852, respectively, of amortization relating to the bond issuance costs.

Bond principal and interest maturities are as follows:

Year ending June 30:	Principal	Interest	Total Obligation
2013	2,718,203	5,931,405	8,649,608
2014	2,629,887	6,028,911	8,658,798
2015	2,538,809	6,113,114	8,651,923
Less deferred defeasance loss	(51,585)	-	(51,585)
Total	$ 7,835,314	$ 18,073,430	$ 25,908,744

NOTE 7—PENSION PLANS

***Plan Description*—**The Agency contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System ("Systems"). The Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 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") whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System and the Local Governmental 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, Utah 84102 or by calling 1-800-365-8772.

***Funding Policy*—**Plan members in the Local Governmental Contributory Retirement system are required to contribute 6.0 percent of their annual covered salary (all or part may be paid by the employer for the employee) and the Agency is required to contribute 9.76 percent of their annual covered salary. In the Local Governmental Noncontributory Retirement System, the Agency is required to contribute 13.77 percent of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Contributions from all Salt Lake City Corporation entities to the Local Governmental Contributory Retirement System for the years ended June 30, 2012, 2011 and 2010 were $1,139,709, $1,030,292 and $1,005,104, respectively, and for the Local Governmental Noncontributory Retirement System the contributions for the years ended June 30, 2012, 2011 and 2010 were $12,151,299, $11,589,370 and $10,224,216, respectively. The contributions were equal to the required contributions for each year. Assets for the plans are not segregated by entity within the plan. Therefore, it is not possible to determine the portion of contributions applicable to each entity.

The Agency incurred $82,125, $65,208 and $59,906 of expense under the plans for the years ended June 30, 2012, 2011 and 2010, respectively.

NOTE 8—OTHER POSTEMPLOYMENT BENEFITS

Plan Description—In addition to the pension benefits described in Note 7, the City provides postemployment health care and life insurance benefits, through a single employer defined benefit plan, to all employees who retire from the City and qualify to retire from the Systems. The benefits, benefit levels, employee contributions, and employer contributions are governed by City policy, and can be amended at any time. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's Risk Management Fund, an internal service fund.

Funding Policy—The City currently pays for postemployment benefits on a "pay-as-you-go" basis.

Annual OPEB Cost and Net OPEB Obligation—The Agency's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the employer's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the fiscal years ended June 30, 2012 and 2011, the Agency's annual OPEB cost (expense) of $28,000 and $32,000, respectively, was equal to the ARC. The following table shows the components of the Agency's annual OPEB cost for the years ended June 30, 2012 and 2011, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation:

	2012	2011
OPEB		
Annual required contribution	$ 28,000	$ 32,000
Interest on net OPEB obligation	-	-
Adjustments to annual required contribution	-	-
Annual OPEB cost (expense)	28,000	32,000
Contributions made	-	-
Increase in net OPEB obligation	28,000	32,000
Net OPEB obligations-beginning of year	68,000	36,000
Net OPEB obligations-end of year	$ 96,000	$ 68,000

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2011 and 2012 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Fiscal Year Ended
June 30, 2011	$ 32,000	$ -	0.0%	$ 68,000
June 30, 2012	28,000	-	0.0%	96,000

Funded Status and Funding Progress**—**The funded status of the Agency's portion of the plan as of June 30, 2011 and 2012 was as follows:

Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Liability UAAL (a-b)	Funded Ratio (a) / (b)	Annualized Covered Payroll	UAAL as percent of covered payroll
June 30, 2011	$ -	$ 218,000	$ 218,000	0.00%	$ 567,205	38.43%
June 30, 2012	-	230,000	230,000	0.00%	589,602	39.01%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the financial statements, presents the results of OPEB valuations as of June 30, 2011 and 2012 and looking forward; the schedule will eventually provide multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions**—**Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the fiscal year 2012 and 2011 actuarial valuations, the unit credit method was used. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses) in 2012 and 2011. The valuations used an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. Covered payroll included a 3.5% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll over an open thirty year period.

NOTE 9—RELATED PARTY NOTE PAYABLE

As discussed in Note 5, the Agency owns parking facilities and a public plaza on Block 57, also known as The John W. Gallivan Utah Center (the Plaza). The Agency, along with other Block 57 property owners, is a member of the Gallivan Utah Center Owners Association, in which all members contribute funds to cover the maintenance costs of the Plaza. As of June 30, 2012 and 2011, funds held by the Agency for use in maintenance costs of the Plaza amounted to $34,612 and $524,752, respectively. These funds are reported as related party deposits and advance rentals.

NOTE 10—COMMITMENTS AND CONTINGENCIES

The Agency has committed to assist Salt Lake City with debt service payments on various Sales Tax Revenue Bonds issued by the City, to the extent that funds from the Statutory Allocation Reduction Revenue are available.

The total anticipated payments are as follows:

Year ending June 30:		
2013		4,752,951
2014		4,560,925
2015		4,346,448
Total	$	13,660,324

The Agency has committed to pay (to the extent that Agency tax increment funds are available from its Central Business District (CBD) project area) the Salt Lake City School District ("SLCSD") a portion of the CBD tax increment earned by the Agency on various Agency projects within the SLCSD boundaries.

The total anticipated payments are as follows:

Year ending June 30:		
2013		2,959,919
2014		3,123,596
2015		3,045,434
Total	$	9,128,949

In 1998, the Agency entered into a reimbursement agreement with The Commons at Sugarhouse, L.C., a developer of a project located within the Agency's Sugarhouse Project Area. Under the agreement, the Agency may be obligated to repay to the developer, from the increment revenues received from the developed project, up to $2,000,000 plus accrued interest at 6.51% but not in excess of the tax increment revenues received through January 1, 2011. The obligation was subject to receipt of a certificate of completion, which was received in January 2000, and also subject to the developer paying property taxes on a timely basis. Based upon these terms, the Agency will record an expense upon receipt of tax increment revenues from the development project. For the year ended June 30, 2011, the Agency recorded expense of $284,226. The last payment under the reimbursement agreement was made to the developer in April 2011 and no further payments are due.

During the year ended June 30, 2002, the Agency entered into a reimbursement agreement with Gateway Associates, a developer of a project located within the Agency's Depot District Project Area. Under the agreement, the Agency is obligated to repay to the developers, from the tax increment revenues received from the respective projects, up to $16,500,000 plus accrued interest, but not in excess of the tax increment revenues received from the individual projects. These obligations are also subject to the developers paying property taxes on a timely basis and the receipts of certificates of project completion. For the years ended June 30, 2012 and 2011, the Agency recorded expenses of $1,555,675and $1,654,570, respectively.

During the year ended June 30, 2007, the Agency entered into a reimbursement agreement with Rio Grande Development, LLC, a developer of a project within the Agency's Depot District Project Area. Under this agreement, the Agency is obligated to repay to the developers, from the tax increment revenues received from the respective project, at the lesser of $2,020,000 or 37.5% of the Project Tax Increment over the reimbursement term, plus accrued interest, but not in excess of the tax increment revenues received from the individual projects. These obligations are also subject to the developers paying property taxes on a timely basis and the receipts of certificates of project completion. For the years ended June 30, 2012 and 2011, the Agency recorded expenses of $129,034 and $114,892, respectively.

During the year ended June 30, 2010, the Agency entered into a reimbursement agreement with 222 S. Main Investments, LLC, a developer of a project within the Agency's Central Business District Project Area. Under this agreement, the Agency is obligated to repay to the developers 85% of the tax increment revenues received by the RDA from the respective project up to the lesser of: 1) total developer costs less $127,300,000 or 2) $6,000,000, plus accrued interest of 5.9%, over the reimbursement term, which expires in January 2031. These obligations are also subject to the developers paying property taxes on a timely basis, the receipt of certificates of project completion, and annual certificates of compliance with the other terms of the Reimbursement Agreement. For the years ended June 30, 2012 and 2011, the Agency recorded expenses of $403,570 and $305,564, respectively.

In March, 2008, the Agency and the State of Utah entered into a lease agreement for the rental by the State of Utah of 250 parking stalls in a parking structure owned by the Agency. The lease requires monthly payments of $20 per stall, for a total of $5,000 per month. The lease term is 20 years. In addition, the lease includes a provision for the repayment of a portion of the construction costs to be paid by the State of Utah of $350,000 over the term of the parking rental agreement. The repayment terms requires interest of 3% and monthly payments of $2,077, in addition to the monthly rent payments. The balance of the unpaid amount as of June 30, 2012 and 2011 was $283,321 and $299,485, respectively, which has been recorded as a note receivable.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS – RETIREE HEALTHCARE AND LIFE INSURANCE PLAN

Plan Description

In addition to pension benefits provided, the Redevelopment Agency, as a component unit of Salt Lake City Corporation, provides postemployment health care to all current and future retirees. A life insurance benefit has not been provided for new retirees for several years and therefore is a small and shrinking factor in the Plan. The continuing benefits are provided through a single employer defined benefit plan through Salt Lake City Corporation to all employees who retire and qualify to retire from the Utah State Retirement Systems. The benefits, benefit levels and employee contributions are governed by Salt Lake City policy, and can be amended at any time. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The activity of the Plan is reported in the City's Risk Management Fund, an internal service fund.

Funding Policy

The Redevelopment Agency currently pays for postemployment benefits on a "pay-as-you-go" basis and these financial statements assume that "pay-as-you-go" funding will continue.

Schedule of Funding Progress for the Agency's Portion of the plan

Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Liability UAAL (a-b)	Funded Ratio (a) / (b)	Annualized Covered Payroll	UAAL as percent of covered payroll
June 30, 2011	$ -	$ 218,000	$ 218,000	0.00%	$ 567,205	38.43%
June 30, 2012	-	230,000	230,000	0.00%	589,602	39.01%

Actuarial Assumptions

In the Fiscal 2012 actuarial valuation, the unit credit cost method was used. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses) and an annual medical care trend rate of 10% initially for retirees under age 65, reduced by 0.5% per year until a rate of 5.0% is reached for 2019 and later years. For post 65 retirees, a 5.0% medical trend rate was assumed. Payroll costs have an assumed aggregate 3.5% increase per year. Because of the "pay as you go" funding policy, no actuarial value of assets was determined. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll over a closed thirty year period.

SUPPLEMENTAL INFORMATION

REDEVELOPMENT AGENCY OF SALT LAKE CITY
(An Enterprise Fund of Salt Lake City)
COMBINING BALANCE SHEET
INFORMATION BY PROJECT AREA
AS OF JUNE 30, 2012

	Downtown Projects	Program Income & Revolving Loan	Sugarhouse Project	West Temple Gateway	West Capitol Hill	Depot District	Citywide Housing	Projct Area Housng	SARR	Retail Rebate	Granary District	Total
Assets												
Cash and cash equivalents (unrestricted)	$10,658,959	$ 20,385,882	$6,319,575	$1,538,789	$2,496,205	$ 5,196,685	$1,641,013	$1,557,266	$ 5,099,245	$ -	$1,161,401	$ 56,055,020
Accounts receivable	10,537	-	-	-	-	-	-	-	-	-	-	10,537
Loans and other receivables	-	17,555,749	-	-	-	-	4,309,227	-	-	-	-	21,864,976
Cash and cash equivalents (restricted)	500	1,451,696	-	-	-	-	354,921	-	13,065	-	-	1,820,182
Land and water rights	16,515,446	-	-	-	-	-	-	-	-	-	-	16,515,446
Improvements other than buildings	54,568,616	-	-	-	-	-	-	-	-	-	-	54,568,616
Buildings	443,533	-	-	-	-	-	-	576,742	-	-	-	1,020,275
Machinery and equipment	179,941	-	-	-	-	-	-	-	-	-	-	179,941
Contstruction in progress	665,047	-	-	-	-	-	265,079	-	-	-	-	930,126
Accumulated depreciation & amortization	(32,308,049)	-	-	-	-	-	-	(8,240)	-	-	-	(32,316,289)
Bond issue costs, net of accumualted amortization	-	-	-	-	-	-	-	-	62,019	-	-	62,019
Land and buildings held for resale	8,522,587	9,248,778	1,195,141	2,420,391	79,682	14,712,590	-	3,424,444	-	-	194,455	39,798,068
Prepaid expenses	13,267	-	-	-	-	-	-	-	-	-	-	13,267
Total Assets	$59,270,384	$ 48,642,105	$7,514,716	$3,959,180	$2,575,887	$19,909,275	$6,570,240	$5,550,212	$ 5,174,329	$ -	$1,355,856	$ 160,522,184
Liabilities												
Accounts payable and accrued liabilities	384,529	3,682	141,260	11,877	1,611	10,786	337	15,833	-	-	15	569,930
Current deposits and advance rentals	27,895	-	-	-	-	-	-	-	-	-	-	27,895
Accrued compensation - current	39,035	-	-	-	-	-	-	-	-	-	-	39,035
Long term deposits and advance rentals	6,717	-	-	-	-	-	-	-	-	-	-	6,717
Accrued interest payble - current	-	-	-	-	-	-	-	-	5,564,417	-	-	5,564,417
Bonds payable - current portion	-	-	-	-	-	-	-	-	2,718,203	-	-	2,718,203
Long term compensation liability	97,897	-	-	-	-	-	-	-	-	-	-	97,897
Other post-employment benefits	96,000	-	-	-	-	-	-	-	-	-	-	96,000
Accrued interest - long term	-	-	-	-	-	-	-	-	9,978,001	-	-	9,978,001
Advance from (to) other funds	2,850,000	(2,850,000)	-	-	-	-	-	-	-	-	-	-
Revenue bonds payable-long term	-	-	-	-	-	-	-	-	5,117,111	-	-	5,117,111
Total Liabilities	3,502,073	(2,846,318)	141,260	11,877	1,611	10,786	337	15,833	23,377,732	-	15	24,215,206
Net assets - Beginning	58,668,716	51,612,606	7,114,550	3,500,209	2,228,254	18,738,086	6,212,355	5,184,760	(25,040,871)	-	1,162,180	129,380,845
Revenues	3,893,705	1,979,208	1,467,803	607,424	628,487	4,476,282	45,268	9,455	16,381,767	172,224	316,155	29,977,778
Expenses	(6,691,344)	(2,103,391)	(1,007,208)	(100,652)	(221,529)	(2,874,973)	(166,124)	(78,240)	(9,544,299)	(172,224)	(91,661)	(23,051,645)
Net transfers in (out)	(102,766)	-	(201,689)	(59,678)	(60,936)	(440,906)	478,404	418,404	-	-	(30,833)	-
Total net assets and Liabilities	$59,270,384	$ 48,642,105	$7,514,716	$3,959,180	$2,575,887	$19,909,275	$6,570,240	$5,550,212	$ 5,174,329	$ -	$1,355,856	$ 160,522,184

REDEVELOPMENT AGENCY OF SALT LAKE CITY
(An Enterprise Fund Of Salt Lake City Corporation)
COMBINING STATEMENT OF REVENUES
AND EXPENDITURES BY PROJECT AREA
FOR THE YEAR ENDED JUNE 30, 2012

	Downtown Projects	Program Income and Revolving Loan	Sugarhouse Project	West Temple Gateway	West Capitol Hill	Depot District	Citywide Housing	Projct Area Housng	SARR	Retail Rebate	Granary District	Total
Revenue												
Property taxes	$ 3,474,940	$ -	$ 1,416,907	$596,784	$609,351	$ 4,414,052	$ -	$ -	$ 16,326,503	$ -	$308,310	$ 27,146,847
Interest income	84,278	765,697	50,896	10,440	17,136	40,407	45,268	9,455	55,264	-	7,845	1,086,686
Rental and other income	-	1,213,511	-	200	-	21,823	-	-	-	-	-	1,235,534
Miscellaneous revenue	334,487	-	-	-	2,000	-	-	-	-	172,224	-	508,711
Total Revenue	3,893,705	1,979,208	1,467,803	607,424	628,487	4,476,282	45,268	9,455	16,381,767	172,224	316,155	29,977,778
Expense												
Administration	389,458	193,255	406,587	-	100,000	450,000	70,000	70,000	110,000	1,705	-	1,791,005
Plaza management	(925,848)	1,584,923	-	-	-	-	-	-	-	-	-	659,075
Acquisition expenses	58,045	-	25,632	(43,095)	28,696	39,553	(82,986)	-	-	-	5,000	30,845
Public Improvements	257,754	3,913	519,761	4,236	12,064	349,526	50,562	-	-	-	978	1,198,794
Property management	755	256,239	10,512	109,479	52,745	252,952	337	-	-	-	1,506	684,525
Grants	16,836	43,874	15,171	-	-	11	-	-	-	-	-	75,892
Interest and fiscal charges	-	-	-	-	-	-	-	-	1,983,071	-	-	1,983,071
Payments to other taxing agencies	2,080,258	-	-	-	-	-	128,211	-	7,263,027	-	-	9,471,496
Depreciation	2,115,839	-	-	-	-	-	-	8,240	-	-	-	2,124,079
Property tax refunds	7,842	-	644	243	-	634	-	-	188,201	-	-	197,564
Assessment and collection levies	-	-	25,199	10,613	10,838	78,503	-	-	-	-	5,483	130,636
Loss on sale of capital assets	2,270,635	-	-	-	-	-	-	-	-	-	-	2,270,635
Other Projects	419,770	21,187	3,702	19,176	17,186	1,703,794	-	-	-	170,519	78,694	2,434,028
Total Expense	6,691,344	2,103,391	1,007,208	100,652	221,529	2,874,973	166,124	78,240	9,544,299	172,224	91,661	23,051,645
Net transfers in (out)	(102,766)	-	(201,689)	(59,678)	(60,936)	(440,906)	478,404	418,404	-	-	(30,833)	-
Change in net assets	$ (2,900,405)	$ (124,183)	$ 258,906	$447,094	$346,022	$ 1,160,403	$ 357,548	$349,619	$ 6,837,468	$ -	$193,661	$ 6,926,133

REDEVELOPMENT AGENCY OF SALT LAKE CITY

(An Enterprise Fund Of Salt Lake City Corporation)

SELECTED BUDGETARY INFORMATION

BY PROJECT AREA

YEAR ENDED JUNE 30, 2012

	Downtown Projects	Program Income and Revolving loan	Sugarhouse Project	West Temple Gateway	West Capitol Hill	Depot District	Citywide Housing	Projct Area Housng	SARR	Retail Rebate	Granary District	Total
Tax increment collected	$ 3,474,940	$ -	$ 1,416,907	$ 596,784	$ 609,351	$ 4,414,052	$ -	$ -	$ 16,326,503	$ -	$ 308,310	$ 27,146,847
Loan principal received	-	5,951,484	-	-	-	-	22,283	-	-	-	-	5,973,767
Bonds payable	-	-	-	-	-	-	-	-	7,835,314	-	-	7,835,314
Interest and fiscal charges	-	-	-	-	-	-	-	-	2,455,902	-	-	2,455,902
debt principal paid	-	-	-	-	-	-	-	-	2,710,595	-	-	2,710,595
Origination of loans	-	7,951,929	-	-	-	-	-	-	-	-	-	7,951,929
Payments to other taxing entities	2,080,258	-	-	-	-	-	128,211	-	7,263,027	-	-	9,471,496
Public improvements	257,754	3,913	519,761	4,236	12,064	349,526	50,562	-	-	-	978	1,198,794
Plaza management	(925,848)	1,584,923	-	-	-	-	-	-	-	-	-	659,075
Property management	755	256,239	10,512	109,479	52,745	252,952	337	-	-	-	1,506	684,525
Budgetary transfers in (out)	(102,766)	-	(201,689)	(59,678)	(60,936)	(440,906)	478,404	418,404	-	-	(30,833)	-
Administration expense	389,458	193,255	406,587	-	100,000	450,000	70,000	70,000	110,000	1,705	-	1,791,005
Other redevelopment costs	419,770	21,187	3,702	19,176	17,186	1,703,794	-	-	-	170,519	78,694	2,434,028