



SNYDERVILLE BASIN

**WATER
RECLAMATION
DISTRICT**

PARK CITY, UTAH



Comprehensive Annual Financial Report

for the Fiscal Year Ending December 31, 2008

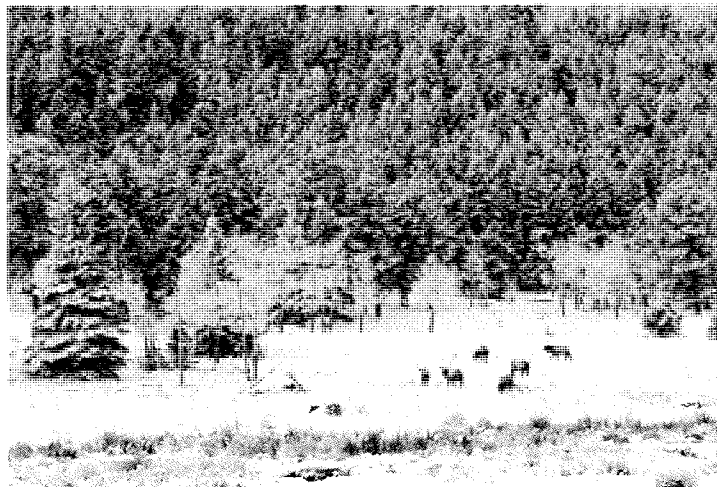
**THE QUALITY
OF OUR WATER
REFLECTS THE
QUALITY OF OUR
COMMUNITY**

Snyderville Basin Water Reclamation District

Park City, Utah

Comprehensive Annual Financial Report

for the fiscal year ended December 31, 2008



Prepared by:
Administration Department

Michael D. Luers
General Manager

Debra Jensen-Sparks
Finance Manager

Comprehensive Annual Financial Report, December 31, 2008

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The Quality
of Our Water
Reflects the
Quality of Our
Community

Introductory Section



Letter of Transmittal

June 15, 2009

To the Board of Trustees, Ratepayers,
and Interested Parties:

The Comprehensive Annual Financial Report (CAFR) of the Snyderville Basin Water Reclamation District (the District) for the year ending December 31, 2008, is submitted herewith. State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation including all disclosures, rests with the District management. We believe that the data presented is accurate in all material respects; that the report is presented in a manner designed to fairly set forth the results of operations of the District; that the report fairly presents the financial position of the District; and that all disclosures necessary to enable the reader to gain a maximum understanding of the District's financial activities have been included.

The Snyderville Basin Water Reclamation District's financial statements have been audited by Osborne, Robbins and Buhler, P.L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended December 31, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Snyderville Basin Water Reclamation District's financial statements for the fiscal year ended December 31, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Reporting Entity

History

The reporting entity serves as the basis in preparing the CAFR.

The Snyderville Basin Water Reclamation District, Summit County, Utah, operates as an enterprise fund under Utah Code Annotated (UCA), Title 17A. Originally created by the Summit County Board of Commissioners, December 5, 1973, as the Snyderville Basin Sewer Improvement District, the District changed its name in 2001, to more accurately reflect the focus and objectives of its operations. The District provides wastewater collection and treatment services to western Summit County (Snyderville Basin) which includes Park City. To accomplish this purpose, the District has been upgrading and expanding its infrastructure every few years to ensure that these assets are maintained in proper working order, provide available capacity, and that they comply with all state and federal regulations. The District encompasses approximately 102 square miles with assets including a collection network comprised of approximately 267 miles of pipeline, two reclamation facilities, twelve pump stations, operations buildings, and an administrative office building. The principal place of business and office of the District is in the administrative office building at 2800 Homestead Road, Park City, Summit County, Utah, which building is known and designated as the "District Office." The Board of Trustees is made up of four elected members from the general populace of the District and one member appointed by the Park City Municipal Corporation. The District is not a component unit of any other government.

The regular meetings of the Board of Trustees of the District are generally held on the third Monday of each month at 5:00 p.m. at the District office. The schedule of these meetings can be found on our website at www.sbwr.org.

Mission Statement and Guiding Principles

Our Mission:

The Snyderville Basin Water Reclamation District is committed to protect public health and the environment by developing, integrating, and implementing fiscally responsible solutions to wastewater, water reclamation and watershed protection issues.

Our Guiding Principals:

1. Provide, through proper planning, the capacity to meet current and future demand for wastewater services.
2. Provide for the proper maintenance and replacement of the District's infrastructure assets.
3. Provide professional and timely response to customer inquiries and service needs.
4. Operate with the goal of protecting and enhancing the ecological integrity of the watersheds within the District's boundaries.
5. Cooperate with all governmental and private entities that participate in the protection of local watersheds.
6. Maintain user fees at levels that fully cover the costs of operating and maintaining the system and maintain impact fees at levels that fully cover the capital costs of providing service to newly serviced areas.
7. Recognize that the most valuable asset of the District is its employees.
8. Promote and encourage the reclamation and reuse of wastewater.

District Planning Efforts

The Snyderville Basin is located approximately 30 miles east of Salt Lake City, in the Wasatch Mountains, directly along Interstate 80. The District was created in the early 1970's because of a need to adequately serve the western Summit County and Park City area with wastewater services. Because of the rapid growth in the area since 1990, the District has frequently reviewed its growth projections and updated its planning documents. These planning reports have demonstrated the need and timing for construction of reclamation facility expansions and upgrades, solids management facilities, and numerous wastewater collection system improvements.

The District's *Capital Facilities Plan* was updated in 2008 in accordance with the Utah Impact Fees Act to ensure the District's long standing *Capital Facilities Plan* remains in compliance with Utah State Law. This *Plan* is reviewed or updated annually to properly plan for future service demands.

To meet the District's long-term treatment capacity needs, the District Board of Trustees adopted policies and objectives to maintain a consistent direction for future growth of the District. These include:

Engineering Concerns - Objectives

1. To design the collection system and treatment facilities to minimize maintenance and operational costs.
2. To minimize the amount of main line pumping.
3. To provide the most convenient collection lines in public right of way whenever possible.
4. To reduce and minimize infiltration and inflow of surface and ground water.

Fiscal Concerns - Objectives

1. To avoid additional bonded indebtedness.
2. To avoid reliance on continued high growth levels for revenue.
3. To avoid expenditure of public funds for the benefit of private interests.
4. To avoid duplication of needed facilities.

Due to changing development conditions, increased environmental concerns, and more stringent discharge requirements, the District has regularly evaluated infrastructure needs including capacity, project costs, and scheduling. The District's *Capital Facilities Plan* addresses in detail the demand for additional facilities and recommends treatment facility, solids management, and wastewater collection system expansions and improvements to meet those demands. In addition, the *Plan* estimates construction schedules for new facilities based upon current growth projections; summarizes financial planning and financing policies; and evaluates the costs of the required improvements for each new customer of the District. The *Plan* also summarizes costs for additional issues such as water reuse and solids handling alternatives. A comprehensive revision of the *Capital Facilities Plan and Impact Fee Analysis* was completed in 2008. This revision outlines the calculation of each impact fee and key estimating assumptions, decisions, criteria and conclusions for the basis of the fee. It also provides an overview of impact fee administration and outlines the regulatory background governing the imposition of impact fees in Utah. This analysis recommends an impact fee schedule through 2013.

The District uses 320 gallons per day, peak demand, as the definition of a 1.0 Residential Equivalent (R.E.) which is currently used in rate calculations. In view of the logic supporting establishment of rates and fees based upon actual volume, planning documents and rate studies have utilized the R.E. definition in some form. Since wastewater flow is not metered, water usage during the winter season is used for rate calculations to eliminate water used for outside watering and other miscellaneous water use that should not be included in wastewater flows.

The collection system currently delivers wastewater to the two reclamation facilities from the, but not limited to the, East Canyon and Silver Creek watersheds. Currently, the District has the capability of splitting all or any portion of the wastewater collected in Park City above the intersection of Highways 224 (Park Avenue) and 248 (Kearns Boulevard) between the two facilities.

State of Utah regulations require reclamation facility planning and design documents to show historical maximum monthly wastewater flows. For several years the District has recognized that influent flows during the spring may be high due to Infiltration/Inflow (I/I). Similarly, wastewater strength is low due to I/I. However, both volume and strength of wastewater increase sufficiently during the ski season requiring the plants to be designed to treat these high-strength high-volume flows. Therefore, the District uses the

maximum 30-day average wastewater influent flow during the ski season for design calculations.

Since the early 1990's the area served by the District has experienced tremendous growth, both in primary and secondary residential homes, as well as tourism. Various agencies estimate growth within the Snyderville Basin area based upon permanent population, visitor nights, primary and secondary homes, and increased employment opportunities. The most recent growth projections estimate the District will grow 81% by the year 2030. Because of this growth, the combined treatment facilities will need to have a combined capacity of 10.9 mgd. The *Capital Facility Plan* addresses the need for expansion of the facilities, and cash reserves are being set aside to fund a portion of this effort. The District services three world renowned ski resorts as well as numerous lodging facilities, restaurants and retail establishments.

Policies, Procedures and Fees

The Board of Trustees has established requirements for collection system development and construction through adoption of resolutions, policies, procedures, specifications, guidelines, and standards. These documents are available at the District office. Board of Trustee approval is required prior to design and construction of new wastewater facilities intended to become part of the collection system. As part of the approval, developers pay an application fee as well as a fee to the District for design review, construction inspection and general project coordination performed by the District.

It is the policy of the Board of Trustees of the District to charge equitable fees based on the services received and costs created by or attendant to the provision of wastewater service. These fees are uniformly determined and consider the revenue requirements and costs of the District. The fees include, but are not limited to: user fees, impact fees, annexation fees, application fees, engineering fees, legal fees, pretreatment fees, septage disposal fees, and such fees as may be deemed necessary and prudent by the Board of Trustees. The monthly user rates for wastewater service supplied within the boundaries of the District for the year ending December 31, 2008, are as follows:

1. All users are billed based on water usage when possible. In order to avoid inclusion of water used for outside irrigation in the computation and because the reclamation facilities are sized for peak months, the fee for these connections is based on winter water usage. Winter water usage is defined as the average monthly usage for the period of November through April of each year. The average is used to determine the fee for the next 12-month period beginning July 1 and ending June 30. Initial residential user billings are based upon one Residential Equivalent (1 R.E.) being equal to 5,700 gallons of water per month.
2. The monthly user fee is computed by multiplying the number of residential units or the residential equivalents, whichever is greater, times a service

charge of \$20.16 per residential unit and/or residential equivalent, plus a volume charge of \$1.94 per 1,000 gallons of winter water usage.

3. User fees are charged beginning with the earlier of either a request for "Authorization to Use," or when the District becomes aware the unit or structure is occupied.

The District requires impact fees to be paid prior to the issuance of a building permit by the Summit County or Park City Building Department. The impact fee is a charge for reservation of wastewater capacity for residential, commercial, and industrial uses as defined in and expended in accordance with the *Capital Facilities Plan* and *Impact Fees Policy*. For the 2008 fiscal year end, each residential unit was charged:

\$2,051 for one living section
\$4,103 for two living sections
\$6,154 for three living sections
\$8,205 for four living sections
\$10,257 for five living sections
\$12,308 for six living sections, and an additional 1/3 RE (\$2,051) per living section in excess of six living sections

A living section is defined as a bedroom and/or any space that has reasonable access to a bathroom with bathing facilities and is designed for, can be used for, or can be converted into sleeping space, and which includes a door that can be closed for privacy and a closet. The definition of a living section also includes each 500 square feet of unfinished basement space, excluding stairs, mechanical areas, and areas prohibited from being bedrooms by building codes, which are not otherwise identified for future intended use. In addition, each residential unit and/or residential equivalent is charged a one time administrative fee equal to 1 percent of the impact fee, with a minimum of \$100.

Approval to design and construct new facilities intended to become part of the existing wastewater collection and treatment system must be obtained from the Board of Trustees by acceptance of a *Line Extension Agreement*. An applicant must also deposit with the District an engineering services fee of \$750. An additional amount equal to 6 percent of the estimated value of the cost of construction of the proposed collection system improvements are also paid to the District to cover costs incurred relating to system design review, general project coordination and construction inspection of the proposed collection system improvements.

Major Initiatives

In 2008 the District continued to upgrade the collection wastewater system in Old Town Park City. These projects are normally done in conjunction with other infrastructure improvements done by Park City Municipal Corporation. Also, in 2008, the District started design of the East Canyon and Silver Creek expansion projects.

The District treatment staff conducted numerous plant tours

for school groups, neighbors, and wastewater professionals during 2008. Both reclamation facilities are classified as Grade IV facilities by the State of Utah.

The District wastewater collection system is classified as a Grade III facility (serving a population of 15,001-50,000) by the State of Utah Department of Environmental Quality. State law requires system operators who make process/operational decisions for the system, to be certified at the level of the facility classification. The District wastewater system operators and supervisors are properly certified and receive appropriate training to maintain compliance with state law. System operators also receive training and certification in other areas specific to their work (i.e., Utah Department of Transportation sign placement, flagging, traffic control and safety).

As of 2008 year end, the District maintained a total of 267 miles of publicly owned wastewater lines (8 to 42 inches in diameter), 6,564 manholes, plus twelve small to medium sized pump stations. The operation and maintenance of the wastewater collection system is assigned to a department manager with a full time staff of nine personnel.

Thirty-five miles (13%) of the collection system was cleaned in 2008. There were no mainline stoppages during the 2008 calendar year. The annual goal of the District is to have no stoppages in the collection system. We believe this goal can be achieved due to an ongoing preventative maintenance program and because the District maintains an engineering group consisting of professional staff which follows stringent policies and procedures for design, design review and construction. Increased effort in design, design review, and construction inspection helps minimize operational problems. The District also uses television inspections of the wastewater collection system to verify its condition. In 2008, 64.1 miles of the collection system was T.V. inspected. There was an increase of 4.7% in the miles of public wastewater lines maintained by the District.

As part of a state approved Industrial Pretreatment Program, staff identifies, locates and "permits" certain non-residential users of District wastewater facilities. These users are, or may be subject to, District imposed user discharge requirements established to protect the wastewater collection system, reclamation facilities, and system operators from harmful discharges. As reported to the EPA Region 8 and the State of Utah Department of Water Quality, in 2008, approximately 167 class IV industries were identified and a number of them inspected for compliance. In addition, one categorical industry and three significant users were inspected to verify compliance.

Financial Information

Internal Controls

In evaluating the District's accounting system, an important consideration is the overall adequacy of internal controls. Internal controls are in place to provide District management with reasonable assurance regarding (a) the safeguarding of assets against loss from unauthorized use or disposition; and (b) the overall reliability of the financial records for

preparing financial statements and for maintaining accountability and control over the District's assets. These procedures are deemed adequate to provide a reasonable assurance against misappropriation or other unauthorized use of District assets.

Budgetary Controls

Annually, appropriation procedures are established to record the current year's fiscal requirements for each department in the District. The District chart of accounts is used to preserve a distinction between departments. It is designed to provide a uniform and orderly list from which each department can select accounts applicable to its own needs. Managers in each department play an active and important role in controlling expenditures to within the approved budget. A tentative budget, which shows actual revenues and expenditures for the last completed fiscal year, estimated total revenues and expenditures for the current year, and estimates for the next year, is adopted on or before the first regularly scheduled Board of Trustees meeting in November. A public hearing is scheduled for the December meeting, at which time the final budget is adopted by the Board of Trustees, by resolution, and is in effect for the ensuing budget year.

Cash Management

The District's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. During 2008 the District invested its idle funds with the State of Utah, Public Treasurers Investment Fund. All cash is pooled in order to obtain the best interest rates and to insure that all temporarily idle cash is invested. State law requires that District funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. District funds are invested as required by State law. The District saw an average rate of return of 3.2 percent on investments during 2008.

Risk Management

The District carries liability insurance through an outside agency to cover commercial property; commercial equipment and vehicles; commercial boiler and machinery; public entity liability; and commercial crime. In addition, a public treasurer's bond is in force. The District actively implements various risk control and safety training techniques for District employees, along with independent potential risk evaluations from an outside safety engineer. In 2008, the District staff had no lost-time work injuries.

Retirement Plan

The District contributes to the Local Governmental Non-contributory Retirement System cost-sharing defined benefit pension plans administered by the Utah Retirement System(s). Utah Retirement Systems provide retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

Plan members are required to contribute a percent of their covered salary to the respective systems to which they belong. Currently all contributions are funded by the District.

In addition to the required 11.62 percent established by the State for 2008, the District contributes three percent of the members salary into a deferred compensation plan. The District will also match up to an additional three percent contribution by an employee. Neither the District or its employees contribute to social security.

Other Information

Local Economy

Summit County is one of 29 counties in Utah, and ranked first in population increase in the 2000 census. It is not part of a Metropolitan Area. The county has experienced over a 100% percent increase in population from 1990 to 2000, more than doubling in size from 15,518 in 1990 to 39,951 in 2008. In the past several years, Summit County and the Park City area has ranked 1st in the state in per capita personal income.

The end of the residential construction boom was quite evident in Summit County midway through 2008. From January to August 2008, the number of new dwelling units permitted in the county was 155, a decrease of 82 percent compared to the same months of 2007. The total number of building permits issued was 24% less than in 2007. The unemployment rate for Summit County rose from 2.7 percent in 2007 to 3.2 percent in 2008, as compared to a statewide unemployment rate of 3.4 percent. (Source: Utah Department of Workforce Services and Summit County Building Department).

For the first nine months of 2008, there were 390 single-family homes sold in the greater Park City area, down 42 percent compared to 674 sales in the same period in 2007. However, Park City real estate hasn't lost a lot of its value and the decline in home prices is small compared to falling home prices in many other parts of the country (Source: Park City Board of Realtors).

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Snyderville Basin Water Reclamation District for its comprehensive annual financial report for the fiscal year ended December 31, 2007. This was the tenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

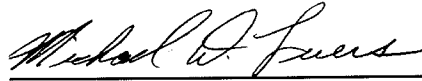
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments:

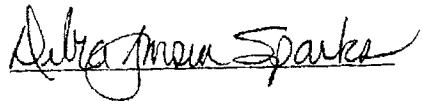
The preparation of this report on a timely basis was made possible through the efficient and dedicated services of the

management and staff of the District. We would like to express our appreciation to Osborne, Robbins and Buhler, P.L.L.C., Certified Public Accountants, for their guidance. We would like to thank the Board of Trustees for their interest and support in planning and conducting the financial operation of the District in a responsible and progressive manner.

Respectfully submitted,



Michael D. Luers, *General Manager*
Treasurer



Debra Jensen-Sparks, *Finance Manager*
Clerk

Board of Trustees

Snyderville Basin Water Reclamation District, Utah

2800 Homestead Road
Park City, Utah 84098

Board of Trustees
as of December 31, 2008

Jan Wilking, Chair	Board member since the creation of the District in 1973 Term expires December 2009 Elected as a Park City representative for the District
Bill Brown, Vice Chair	Board member since 2000 Term expires December 2011 Elected as a Park City representative for the District
Jerry Gibbs	Board member since 2001 Term expires December 2009 Appointed by the Park City Council
Mary Ann Pack	Board member since 1998 Term expires December 2009 Elected as a Summit County representative for the District
Doug Rosecrans	Board member since 2000 Term expires December 2011 Elected as a Summit County representative for the District

Management

Management

Michael D. Luers
General Manager - Treasurer

Managers

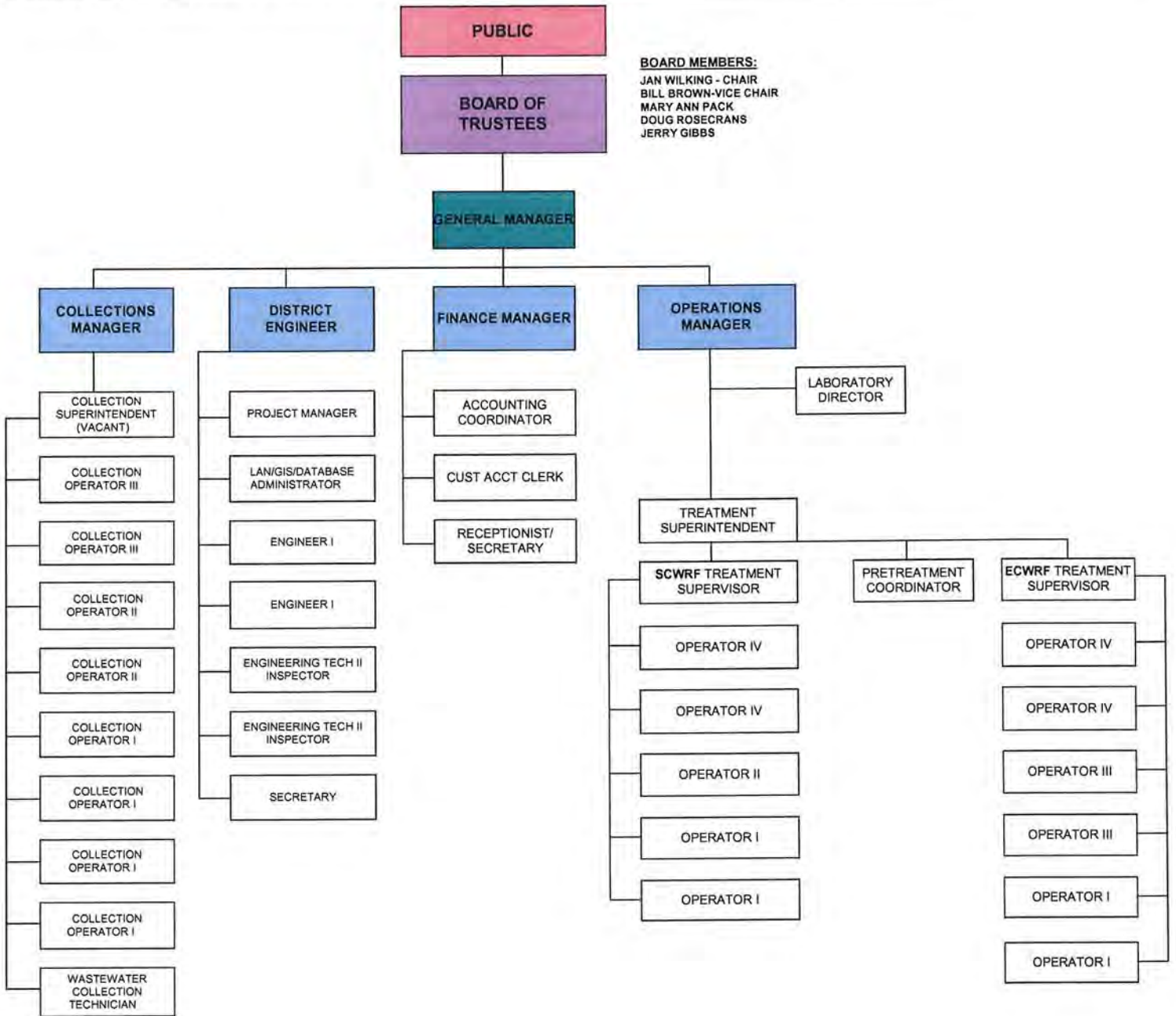
Michael Boyle
Operations Manager

Roger Robinson
Collection System Manager

Debra Jensen-Sparks
Finance Manager - Clerk

Bryan Atwood
District Engineer

District Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Snyderville Basin Water Reclamation District, Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



The Quality
of Our Water
Reflects the
Quality of Our
Community

Financial Section

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Snyderville Basin Water Reclamation District

We have audited the accompanying financial statements of Snyderville Basin Water Reclamation District (the District) as of and for the years ended December 31, 2008 and 2007, 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 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Snyderville Basin Water Reclamation District as of December 31, 2008 and 2007, and the changes in financial position and cash flows thereof 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 our report dated May 26, 2009 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis and Modified Approach for Eligible Infrastructure Assets on pages 3 through 10 and 29 through 30 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that comprise the District's basic financial statements. The introductory section, other supplemental financial information and statistical tables, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental financial information on page 31 has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section, and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Osborne Robbins & Baker PLLC

May 26, 2009

Snyderville Basin Water Reclamation District
Management's Discussion and Analysis
December 31, 2008 and 2007

This section of the District's comprehensive annual financial report presents our analysis of the District's financial performance during the fiscal years that ended on December 31, 2008 and December 31, 2007, with comparative totals for December 31, 2006. Please read it in conjunction with the transmittal letter on page "i" and the financial statements which follow this section.

Comparative data presented in this analysis is related to changes occurring between 2007 and 2008, and 2006 and 2007.

- The District's net assets increased by \$5,947,214 as compared to the \$7,406,667 increase in 2007 (and \$7,686,787 in 2006). A large part of this increase (\$3,729,921 in 2008 and \$1,157,824 in 2007) is attributed to the addition of wastewater lines, contributed by developers, to the collection system and additional operating revenue.
- Operating revenues experienced an increase of 5% from \$6,741,167 in 2007 to \$7,061,978 in 2008 (and an increase of 11% from 2006 to 2007), and operating expenses increased by 29%, or \$1,536,068 from 2007 to 2008 (but decreased by 12% from 2006 to 2007). The 2008 increase in operating expenses was attributable primarily to increases in repairs and maintenance of the collection system wastewater lines.
- The District's total long-term obligations decreased during 2008 by a net of \$1,253,091 (and decreased from 2006 to 2007 by a net of \$1,234,709). This is attributable to the net effect of the normal reduction in principal balances from required debt service payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets, the Statements of Cash Flows and the Notes to the Financial Statements. This report also contains additional required supplementary information on infrastructure assets and other supplementary information in addition to the basic financial statements themselves.

The financial statements of the District are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The *Statements of Net Assets* presents information on all 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 whether the financial position of the District is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Assets* presents information showing how the District's net assets changed during the years presented. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The *Statements of Cash Flows* presents information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Snyderville Basin Water Reclamation District
Management's Discussion and Analysis
December 31, 2008 and 2007

Financial Analysis of the District

To begin our analysis, a summary of the District's Statement of Net Assets is presented in Table A-1.

As noted earlier, net assets may serve, over time, as a useful indicator of the District's financial position. At the close of 2008, the District's assets exceed liabilities by \$109,344,573.

By far, the largest portion of the District's net assets (86 percent in 2008 and 85 percent in 2007) reflects its investment in capital assets (e.g., land, buildings, wastewater reclamation facilities, solids handling and other improvements, and equipment), less related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the customers of the District; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (12 percent in 2008 and 14 percent in 2007) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,217,684 in 2008 and \$1,336,470 in 2007) may be used to meet the District's ongoing obligations to customers and creditors.

In 2008 there was a decrease of \$901,776 in the District's restricted net assets. Two factors contributed to this decrease. One was the result of the decrease in bond reserves needed to fund debt service payments (see page 22) and the other was the decrease in impact fee revenue. There was a decrease in unrestricted net assets of \$118,786, due to the use of funds to upgrade and maintain the collection system.

**TABLE A-1
Condensed Statement of Net Assets**

	Fiscal Year 2008	Fiscal Year 2007	Dollar Change	Percent Change
Unrestricted Current and Other Assets	\$ 2,195,537	\$ 2,412,286	\$ (216,749)	(9)%
Restricted Assets	13,627,404	14,925,815	(1,298,411)	(9)%
Capital Assets	96,963,907	91,269,315	5,694,592	6%
Total Assets	112,786,848	108,607,416	4,179,432	4%
Current Liabilities	1,677,091	2,767,302	(1,090,211)	(39)%
Long Term Obligations	1,765,184	2,442,755	(677,571)	(28)%
Total Liabilities	3,442,275	5,210,057	(1,767,782)	(34)%
Net Assets Invested in capital assets, net of related debt	94,531,471	87,563,695	6,967,776	8%
Net Assets Restricted for debt service	1,578,576	2,159,446	(580,870)	(27)%
Net Assets Restricted for capital improvements	12,016,842	12,337,748	(320,906)	(3)%
Net Assets Unrestricted	1,217,684	1,336,470	(118,786)	(9)%
Total Net Assets	109,344,573	103,397,359	5,947,214	6%
Total Liabilities and Net Assets	\$ 112,786,848	\$ 108,607,416	\$ 4,179,432	4%

TABLE A-1 (continued)

	Fiscal Year 2007	Fiscal Year 2006	Dollar Change	Percent Change
Current and Other Assets	\$ 2,412,286	\$ 2,628,296	\$ (216,010)	(8)%
Restricted Assets	14,925,815	11,587,337	3,338,478	29%
Capital Assets	91,269,315	88,281,850	2,987,465	3%
Total Assets	108,607,416	102,497,483	6,109,933	6%
Other Liabilities	2,767,302	2,792,571	(25,269)	(1)%
Long Term Obligations	2,442,755	3,714,220	(1,271,465)	(34)%
Total Liabilities	5,210,057	6,506,791	(1,296,734)	(20)%
Net Assets Invested in capital assets, net of related debt	87,563,695	83,312,630	4,251,065	5%
Net Assets Restricted for debt service	2,159,446	1,027,009	1,132,437	110%
Net Assets Restricted for capital improvements	12,337,748	9,273,671	3,064,077	33%
Net Assets Unrestricted	1,336,470	2,377,382	(1,040,912)	(44)%
Total Net Assets	103,397,359	95,990,692	7,406,667	8%
Total Liabilities and Net Assets	\$ 108,607,416	\$ 102,497,483	\$ 6,109,933	6%

As can be seen from the table above, total assets increased approximately \$4 million to \$112.8 million in 2008, up from \$108.6 million in 2007 (and increased 6% from 2006 to 2007).

In 2008, the District's operating revenues increased by 5% (see Table A-2), from \$6,741,167 in 2007 to \$7,061,978 in 2008, compared to an 11% increase in 2007. Non-operating revenues and expenses decreased by \$2,722,248 (not including interest expense) in 2008. Total operating expenses increased by \$1,536,068 from \$5,310,047 in 2007 to \$6,846,115 in 2008, and decreased by \$694,657 from 2006 to 2007. Key factors driving these results include:

- Operating revenue associated with user fees showed an increase due to an 5% rate increase implemented at the first of the year. Nonoperating revenue decreased due to the slowing economy, as shown in the \$1.8 million reduction in impact fee revenue.
- Operating expenses increased primarily due to an increase in renewal and replacement of collection system assets, as shown on Table 2, repairs and maintenance.

The end of the residential construction boom was quite evident in Summit County midway through 2008. According to the Summit County Building Department, from January to August 2008, the number of new dwelling units permitted in the county was 82 percent lower than in 2007. In the summer of 2008, total construction employment, residential and non residential, was down about 10 percent from the levels seen in 2007 (source: Utah Department of Workforce Services).

A cost of services study was performed in 2006, which resulted in the Board of Trustees approving user fee rate increases in the amount of 5% through 2010. The District saw a 3 percent increase in its customer base during the year. The average number of sold residential equivalents (RE's) in the District since 1997 has been 740 per year. The number of sold RE's for 2008 was substantially lower than the average at 376. Other evidence of the slowing housing market during 2008, can be seen in the decrease in engineering fee revenue and the decrease in impact fee revenue. The philosophy of the Board of Trustees of the District has always been for new development to pay its own way. The District has revised its growth projections and estimates growth to be approximately 1.3% over the next three years, and increasing to around 2.5% through 2020. Summit County has been one of the fastest growing counties in the State for the past several years. Because of this, impact fees and the investment income derived from these fees, have been the major source of revenue for capacity expansion. This should continue, albeit at a slower rate, as outlined in the 2008 *Impact Fee Analysis and New Development Capital Facilities Plan*. Investment income decreased 32% from 2007, primarily due to the reduction in impact fee revenue. The District saw an average rate of return on investments decrease from 6.5 percent at the beginning of 2001 to 3.2 percent at the end of 2008. The average rate of return for 2007 was 5.2% and 2006 was 4.9%.

TABLE A-2
Revenues, Expenses Changes in Net Assets

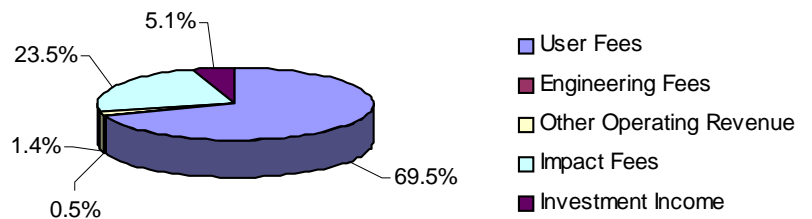
	Fiscal Year 2008	Fiscal Year 2007	Dollar Change	Percent Change
Operating Revenues				
User Fees	\$ 6,874,762	\$ 6,484,149	\$ 390,613	6%
Engineering Fees	52,999	175,972	(122,973)	(70)%
Other Operating Revenue	134,217	81,046	53,171	66%
Total Operating Revenues	7,061,978	6,741,167	320,811	5%
Nonoperating revenues				
Impact Fees	2,324,619	4,145,943	(1,821,324)	(44)%
Investment Income	503,855	733,405	(229,550)	(31)%
Gain (loss) on disposal of property	(768,009)	16,200	(784,209)	-
Total Nonoperating Revenues	2,060,465	4,895,548	(2,722,248)	(56)%
Total Revenue	9,122,443	11,636,715	(2,514,271)	(22)%
Operating Expenses				
Wages and benefits	3,472,542	3,293,105	179,437	5%
Supplies	501,029	413,870	87,159	21%
Contractual services	191,740	171,542	20,198	12%
Utilities	440,679	423,756	16,923	4%
Repairs and maintenance	1,632,347	420,339	1,212,008	288%
Administration	196,804	182,080	14,724	8%
Miscellaneous	102,454	104,522	(2,068)	(2)%
Dep'n and amortization	308,520	300,833	7,687	3%
Total Operating Expenses	6,846,115	5,310,047	1,536,068	29%
Nonoperating expenses				
Interest expense	59,035	77,825	(18,790)	(24)%
Total Nonoperating expenses	59,035	77,825	(18,790)	(24)%
Total Expenses	6,905,150	5,387,872	1,517,278	28%
Income before contributions	2,217,293	6,248,843		
Contributions	3,729,921	1,157,824		
Increase in net assets	5,947,214	7,406,667		
Net assets at beginning of year	103,397,359	95,990,692		
Net assets at end of year	\$ 109,344,573	\$ 103,397,359		
	Fiscal Year 2007	Fiscal Year 2006	Dollar Change	Percent Change
Operating Revenues				
User Fees	\$ 6,484,149	\$ 5,789,615	\$ 694,534	6%
Engineering Fees	175,972	277,200	(101,228)	(37)%
Other Operating Revenue	81,046	31,510	49,536	157%
Total Operating Revenues	6,741,167	6,098,325	642,842	11%
Nonoperating revenues				
Impact Fees	4,145,943	5,648,525	(1,502,582)	(27)%
Investment Income	733,405	504,837	228,568	45%
Other Non-Operating Revenue	-	70,462	(70,462)	(100)%
Gain (loss) on disposal of property	16,200	(284,411)	300,611	(106)%
Total Nonoperating Revenues	4,895,548	5,939,413	(1,043,865)	(18)%
Total Revenue	11,636,715	12,037,738	(104,023)	(3)%

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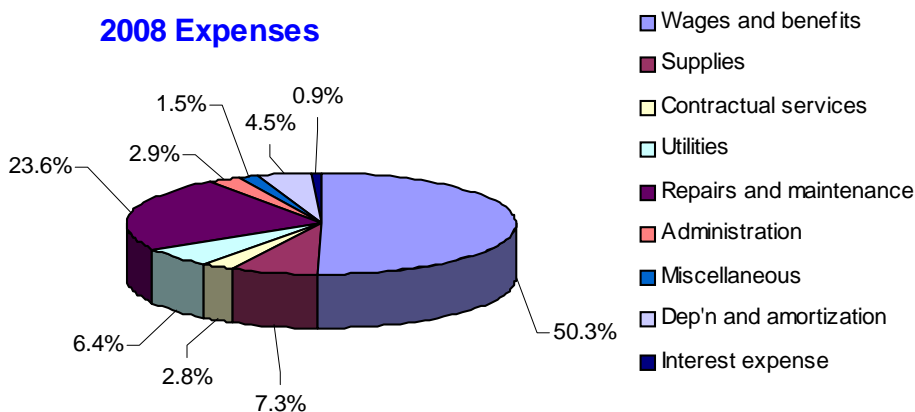
Operating Expenses				
Wages and benefits	3,293,105	3,219,120	73,985	2%
Supplies	413,870	364,770	49,100	13%
Contractual services	171,542	165,119	6,423	4%
Utilities	423,756	424,085	(329)	0%
Repairs and maintenance	420,339	1,275,327	(854,988)	(67)%
Administration	182,080	196,898	(14,818)	(8)%
Miscellaneous	104,522	59,921	44,601	74%
Dep'n and amortization	300,833	299,464	1,369	0%
Total Operating Expenses	5,310,047	6,004,704	(694,657)	(12)%
Nonoperating expenses				
Interest expense	77,825	99,657	(21,832)	(22)%
Total Nonoperating expenses	77,825	99,657	(21,832)	
Total Expenses	\$ 5,387,872	\$ 6,104,361	\$ (716,489)	(12)%
Income before contributions	6,248,843	5,933,377		
Contributions	1,157,824	1,753,410		
Increase in net assets	7,406,667	7,686,787		
Net assets at beginning of year	95,990,692	88,303,905		
Net assets at end of year	<u>\$ 103,397,359</u>	<u>\$ 95,990,692</u>		

2008 Revenue

2008 Revenue by Source
 User Fees 69.5%
 Engineering Fees .5%
 Other Operating Revenue 1.4%
 Impact Fees 23.5%
 Investment Income 5.1%



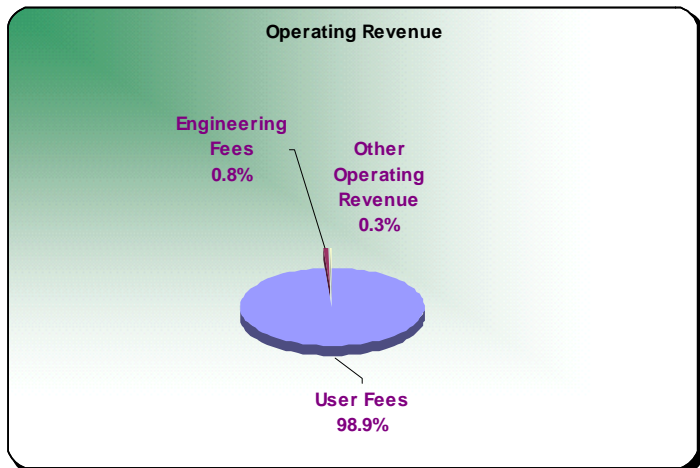
2008 Expenses



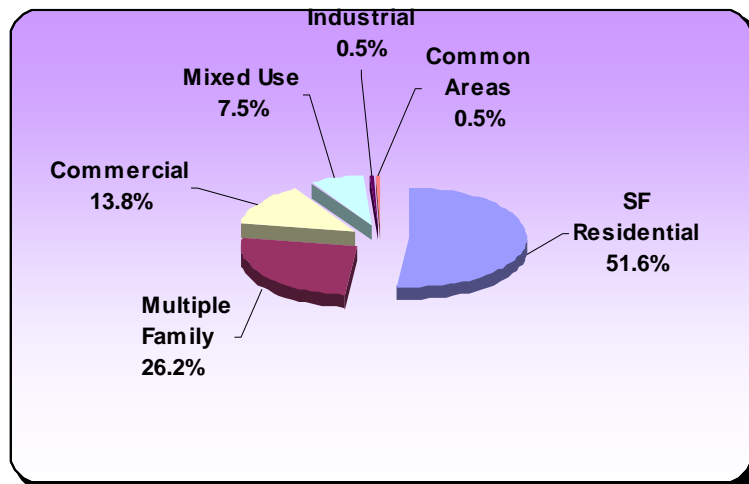
2008 Operating Expenses by Source

Wages and Benefits 50.3%
 Supplies 7.3%
 Contractual Services 2.8%
 Utilities 6.4%
 Repairs and Maintenance 23.6%
 Administration 2.9%
 Miscellaneous 1.5%
 Dep'n & Amortization 4.5%
 Interest Expense .9%

User Fee Revenue by Customer Class



Operating Revenue



Capital Assets and Debt Administration

At the end of 2008 there was \$117 million invested in a range of capital assets including land, buildings, water reclamation facilities, solids handling and other improvements, collection systems and equipment, as shown in Table A-3. This represents a net increase of five percent over 2007, and a three percent increase from 2006 to 2007.

**TABLE A-3
 Property and Equipment at Cost**

	<u>FY 2008</u>	<u>FY 2007</u>	<u>Dollar Change</u>
Land	\$ 717,185	\$ 717,185	\$ -
Buildings	1,964,545	1,964,545	-
Water Reclamation Facilities	37,799,566	37,799,566	-
Solids Handling & Other Improvements	3,412,555	3,173,912	238,643
Collection System	67,398,519	64,317,044	3,081,475
Machinery & Equipment	2,167,287	2,322,672	(155,385)
Construction in Progress	3,549,928	868,231	2,681,697
Subtotal	\$ 117,009,585	\$ 111,163,155	\$ 5,846,430
	<u>FY 2007</u>	<u>FY 2006</u>	<u>Dollar Change</u>
Land	\$ 717,185	\$ 717,185	\$ -
Buildings	1,964,545	1,964,545	-
Water Reclamation Facilities	37,799,566	37,798,555	1,011
Solids Handling & Other Improvements	3,173,912	3,009,359	164,553
Collection System	64,317,044	48,544,390	15,772,654
Machinery & Equipment	2,322,672	1,922,755	399,917
Construction in Progress	868,231	14,002,429	(13,134,198)
Subtotal	\$ 111,163,155	\$ 107,959,218	\$ 3,203,937

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In 2008 the District started design of the \$70 million East Canyon and Silver Creek Water Reclamation Facility Expansion Projects. This multi-year construction project is scheduled to start construction in 2012. In 2008, the District continued to upgrade and replace existing wastewater lines in Old Town Park City.

The 2008 capital asset additions included:	
•	East Canyon/Silver Creek Water Reclamation District Expansion Projects \$2,683,697
•	Developer contributions of sewer lines \$3,729,921
•	Norfolk/Woodside Reconstruction \$89,802
•	Vehicles and equipment \$41,222
•	TMDL Study \$209,404
•	Flow Monitoring and Impact Fee Analysis \$29,240

Additional information on the District's capital assets can be found in Note F on page 23-24 of this report.

Modified Approach to Accounting for Infrastructure

Starting January 1, 2003, the District elected to use the *Modified Approach* to account for its collection and reclamation systems as defined by GASB Statement No. 34. The District manages these systems using GBA software management. The District's Asset Management Plan (AMP) defines a condition rating scale between 1 and 5, with 1 being very good and 5 being very poor. The target levels of service are a rating between 1 and 3. The reclamation facilities were assessed, and no deficiencies were found below the target level. Actual levels of service, for all but one of the line segments within the collection system in 2008 (216 line segments), were within target service levels. In addition 16 line segments were identified by the ongoing television inspection efforts, that did not meet target service levels. These deficient segments were replaced or repaired in 2008. The District inspected 104 of 6,564 manholes and no manholes were identified as falling below the condition level established by AMP. All 12 pump stations were at or above the minimum service level. Funds totaling \$1,305,000 have been budgeted in 2009 to upgrade the identified and as yet to be identified deficiencies in these systems. In preparation for using this approach, since 2001, the District has budgeted funds for the purpose of replacement and renewal of deficiencies found during the assessment. Additional amounts will be set aside each year to fund unidentified deficiencies. More information about the modified approach can be found in the required supplementary information on pages 29 through 30 of this report.

Long Term Debt

At year-end, the District had \$2,630,501 in long term obligations outstanding (a decrease of 32 percent over 2007) as shown in Table A-4. No new debt was issued during the year.

TABLE A-4
Bonds (Outstanding at Year End)

	FY 2008	FY 2007	Dollar Change	Percent Change
Compensated Absences	\$ 198,065	\$ 177,973	\$ 20,092	11%
1994 Revenue Bonds	875,000	1,000,000	(125,000)	(13)%
2000 Revenue Bonds	1,300,371	1,722,371	(422,000)	(25)%
2003 Revenue Bonds	257,065	983,248	(726,183)	(74)%
	<u>\$ 2,630,501</u>	<u>\$ 3,883,592</u>	<u>\$ (1,253,091)</u>	<u>(32)%</u>

Snyderville Basin Water Reclamation District
 Management's Discussion and Analysis
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	FY 2007	FY 2006	Dollar Change	Percent Change
Compensated Absences	\$ 177,973	\$ 170,497	\$ (7,476)	(4)%
1994 Revenue Bonds	1,000,000	1,125,000	(125,000)	(11)%
2000 Revenue Bonds	1,722,371	2,136,371	(414,000)	(19)%
2003 Revenue Bonds	983,248	1,686,433	(703,185)	(42)%
	\$ 3,883,592	\$ 5,118,301	\$ (1,234,709)	(24)%

Bond Rating
 The 1994, 2000 and 2003 Revenue Bonds are privately placed state loans, where no bond rating was required or sought

As of December 31, 2008, the District had long-term obligations outstanding related to compensated absences due to employees of \$198,066 (\$177,973 in 2007).

Additional information on the District's Long-term Debt can be found in Note G on page 25-26 of this report.

Economic Factors

- Currently, the operating costs of the District are being covered by existing user fees. A cost of services study performed in 2006, which has been adopted by the Board of Trustees, recommended rate increases through 2010. This study is reviewed annually to assure that the needs of the District are being met.
- Because of the decline of growth numbers in the Snyderville Basin in 2008, the District has revised it's growth projections. The *2008 Impact Fee Analysis and Development Capital Facilities Plan* shows that both the East Canyon and Silver Creek Reclamation Facilities will need to be upgraded with additional capacity within the next several years. The Silver Creek facility will also need to be upgraded to handle additional discharge restrictions imposed by permit regulations. Additional bonding will be needed to complete these projects.

Contacting The District's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District's Finance Manager at 2800 Homestead Road, Park City, Utah 84098, by phone at (435) 214-5226, or e-mail at djsparks@sbwrdd.org.

BASIC FINANCIAL STATEMENTS

Snyderville Basin Water Reclamation District
Statements of Net Assets
December 31,

	ASSETS	
	Business-type Activities	
	2008	2007
CURRENT ASSETS		
Cash and cash equivalents (Note B)	\$ 1,563,463	\$ 1,810,631
Accounts receivable, net of allowance for doubtful accounts of \$9,000 in 2008 and 2007	468,995	388,614
Inventory of supplies	121,834	162,980
Prepaid expenses	11,175	10,111
Current portion, restricted cash and cash equivalents (Notes B and D)	<u>724,986</u>	<u>1,714,621</u>
Total current assets	<u>2,890,453</u>	<u>4,086,957</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents (Notes B and D)	12,870,257	13,166,188
Restricted impact fee notes receivable (Note E)	32,161	45,006
Nondepreciable capital assets (Note F)	92,481,854	86,718,682
Depreciable capital assets, net (Note F)	4,482,053	4,550,633
Unamortized bond issue costs	<u>30,070</u>	<u>39,950</u>
Total noncurrent assets	<u>109,896,395</u>	<u>104,520,459</u>
	<u>\$ 112,786,848</u>	<u>\$ 108,607,416</u>

See accompanying notes to the basic financial statements.

LIABILITIES AND NET ASSETS

	Business-type Activities	
	2008	2007
CURRENT LIABILITIES		
Accounts payable	\$ 179,067	\$ 220,907
Accrued liabilities	286,693	275,363
Customer deposits	314,028	401,574
Current portion, compensated absences	172,317	154,837
Current liabilities payable from restricted assets		
Current maturities of long-term obligations (Note G)	693,000	1,286,000
Accrued interest	27,486	35,210
Accounts payable	4,500	393,411
	<u>1,677,091</u>	<u>2,767,302</u>
LONG-TERM OBLIGATIONS, less current maturities (Note G)	<u>1,765,184</u>	<u>2,442,755</u>
Total liabilities	<u>3,442,275</u>	<u>5,210,057</u>
NET ASSETS		
Invested in capital assets, net of related debt	94,531,471	87,563,695
Restricted for:		
Capital projects	12,016,842	12,337,748
Debt service	1,578,576	2,159,446
Unrestricted	<u>1,217,684</u>	<u>1,336,470</u>
Total net assets	<u>109,344,573</u>	<u>103,397,359</u>
	<u>\$ 112,786,848</u>	<u>\$ 108,607,416</u>

Snyderville Basin Water Reclamation District
Statements of Revenues, Expenses and Changes in Net Assets
Year Ended December 31,

	Business-type Activities	
	2008	2007
Operating revenues (pledged as security for revenue bonds)		
Sewer use fees	\$ 6,874,762	\$ 6,484,149
Engineering fees	52,999	175,972
Other operating revenues	134,217	81,046
Total operating revenues	<u>7,061,978</u>	<u>6,741,167</u>
Operating expenses		
Wages and benefits	3,472,542	3,293,105
Supplies	501,029	413,870
Contractual services	191,740	171,542
Utilities	440,679	423,756
Repairs and Maintenance	1,632,347	420,339
Administration	196,804	182,080
Miscellaneous	102,454	104,522
Depreciation and amortization	308,520	300,833
Total operating expenses	<u>6,846,115</u>	<u>5,310,047</u>
Operating income	<u>215,863</u>	<u>1,431,120</u>
Nonoperating revenues (expenses)		
Impact fees (pledged as security for revenue bonds)	2,324,619	4,145,943
Investment income	503,855	733,405
Interest expense	(59,035)	(77,825)
Gain (loss) on disposal of capital assets	(768,009)	16,200
Total nonoperating revenues (expenses)	<u>2,001,430</u>	<u>4,817,723</u>
Income before contributions	2,217,293	6,248,843
Capital contributions - assets	<u>3,729,921</u>	<u>1,157,824</u>
Increase in net assets	5,947,214	7,406,667
Net assets at beginning of year	<u>103,397,359</u>	<u>95,990,692</u>
Net assets at end of year	<u>\$ 109,344,573</u>	<u>\$ 103,397,359</u>

See accompanying notes to the basic financial statements.

Snyderville Basin Water Reclamation District
Statements of Cash Flows
Year Ended December 31,

	Business-type Activities	
	2008	2007
Cash flows from operating activities		
Receipts from customers	\$ 6,981,597	\$ 6,574,007
Payments to suppliers of goods and services	(3,449,306)	(1,377,012)
Payments to employees for services	(3,447,535)	(3,267,649)
Other payments	(87,546)	(362,307)
Net cash provided by (used in) operating activities	<u>(2,790)</u>	<u>1,567,039</u>
Cash flows from investing activities		
Interest income collected	503,855	733,405
Long-term receivables issued	(12,000)	(54,240)
Payments received on long-term receivables	24,845	43,452
Net cash provided by investing activities	<u>516,700</u>	<u>722,617</u>
Cash flows from capital and related financing activities		
Reduction of long-term obligations	(1,286,000)	(1,255,000)
Impact fees collected	2,324,619	4,145,943
Purchase and construction of capital assets	(3,084,611)	(2,123,955)
Proceeds from sale of capital assets	53,291	19,561
Interest payments made on long-term obligations	(53,943)	(81,161)
Net cash provided by (used in) capital and related financing activities	<u>(2,046,644)</u>	<u>705,388</u>
Net increase (decrease) in cash and cash equivalents	(1,532,734)	2,995,044
Cash and cash equivalents at beginning of year	<u>16,691,440</u>	<u>13,696,396</u>
Cash and cash equivalents at end of year	<u>\$ 15,158,706</u>	<u>\$ 16,691,440</u>
Cash and cash equivalents consists of :		
Unrestricted cash and cash equivalents	\$ 1,563,463	\$ 1,810,631
Current portion, restricted cash and cash equivalents	724,986	1,714,621
Noncurrent restricted cash and cash equivalents	<u>12,870,257</u>	<u>13,166,188</u>
	<u>\$ 15,158,706</u>	<u>\$ 16,691,440</u>

Continued

Snyderville Basin Water Reclamation District
Statements of Cash Flows - continued
Year Ended December 31,

	Business-type Activities	
	2008	2007
Reconciliation of operating income to net cash provided by (used in) operating activities		
Operating income	\$ 215,863	\$ 1,431,120
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	308,520	300,833
Changes in assets and liabilities		
Accounts receivable	(80,381)	(167,160)
Inventory of supplies	41,146	(2,946)
Prepaid expenses	(1,064)	43,591
Accounts payable	(41,840)	(43,724)
Accrued liabilities	11,330	(25,225)
Long-term portion compensated absences	20,093	7,475
Accounts payable from restricted assets	(388,911)	385,382
Deposits and other receipts	(87,546)	(362,307)
Net cash provided by (used in) operating activities	<u>\$ (2,790)</u>	<u>\$ 1,567,039</u>
Non-cash transactions affecting financial position:		
Contributions of capital assets from developers	<u>\$ 3,729,921</u>	<u>\$ 1,157,824</u>

See accompanying notes to the basic financial statements.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2008 and 2007

NOTE A - SUMMARY OF ACCOUNTING POLICIES

Snyderville Basin Water Reclamation District (the District) was established under the laws of the State of Utah in 1973 by resolution of the Board of County Commissioners of Summit County, Utah (the County). The District operates under the direction of an elected Board of Trustees. The purpose of the District is to acquire and operate a system for the collection, treatment, and reclamation of wastewater. The District includes parts of Summit and Wasatch Counties. Park City is within the District's boundaries.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

Reporting entity

The County does not impose will or have a financial benefit, burden or dependency relationship with the District and therefore, the District is not considered a component unit of the County. There are no entities that are component units of the District.

Basic Financial Statements and Basis of Accounting

The District is a government entity accounted for as an enterprise fund and categorized as a business-type activity. Operations are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The records of the District are maintained on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. Nonoperating revenues and expenses are those related to capital and related financing, noncapital financing, or investing activities.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2008 and 2007

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Budgetary Data

On an annual basis, the District prepares a tentative budget which is adopted on or before the first regularly scheduled meeting of the board of trustees in November. A public hearing is scheduled for the last meeting in November. The final budget is adopted by resolution at the first regularly scheduled board meeting in December.

The budget is adopted on a basis consistent with GAAP with the following exceptions:

- Bond principal retired is budgeted as nonoperating expenditures.
- Depreciation is not budgeted.
- Capital expenditures are budgeted as nonoperating expenditures.
- Proceeds from issuing long-term debt are budgeted as other sources.

Cash and Investments

For purposes of the statements of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Capital assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 5 years. The District records its capital assets at cost. Contributed capital assets are valued at their estimated fair market value on the date of contribution. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Maintenance and repairs are charged to current period operating expenses, whereas additions and improvements are capitalized.

Beginning January 1, 2003, the District elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its wastewater collection and treatment system. The District performed a physical condition assessment of this system during 2003. Using this approach, the District capitalizes the cost of its collection and treatment system but does not report depreciation expense for those assets. Instead, the District reports all collection and treatment system expenditures as expenses in the period incurred unless those expenditures improve on the system's original condition or add to its capacity. These additions or improvements are not expensed but added to the historical cost of the assets. The District uses an asset management system to provide an up-to-date inventory of its assets, perform condition assessments on the system at least once every three years, and estimates an annual amount needed to maintain the system at a specified condition level.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2008 and 2007

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Capital assets - continued

Depreciation of property and equipment has been provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	35
Compost facility and improvements	20-35
Machinery and equipment	5-15

Bond issue costs

Bond issue costs are recorded as an asset and amortized over the life of the related bonds. Amortization is computed on the straight-line method, which approximates the effective interest method.

Inventories

Inventories are recorded at the lower of cost or market on a first-in, first-out basis.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the District. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the District.

Estimates

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

NOTE B – DEPOSITS AND INVESTMENTS

The District's deposits and investing are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The Money Management Act requires deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of 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.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2008 and 2007

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the District at December 31, 2008 were \$587,476, none of which was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase 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 States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rate "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

The District's investments at December 31, 2008 are presented below:

<u>Investment Type</u>	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
<u>Debt Securities</u>					
Utah Public Treasurer's Investment Fund	\$14,571,230	\$14,571,230	\$ -	\$ -	\$ -

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2008 and 2007

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

The District's policy for managing interest rate risk 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. 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 two years.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk. The District's rated debt investments are presented below:

<u>Rated Debt Investments</u>	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
<u>Debt Securities</u>					
Utah Public Treasurer's Investment Fund	\$14,571,230	\$ -	\$ -	\$ -	\$14,571,230

Custodial Credit Risk – Investments

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

All of the District's investments at December 31, 2008 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to custodial credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of a 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 between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

All of the District's investments at December 31, 2008 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to concentration of credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2008 and 2007

NOTE C – EXTERNAL INVESTMENT POOL

The District invests in the Public Treasurer's Investment Fund (PTIF) which is an external investment pool administered by Utah State Public Treasurer. State agencies, municipalities, counties, and local governments within the State of Utah are allowed to invest in the PTIF. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Chapter 51-7, Utah Code Annotated, 1953, as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. 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 allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participants' balance is their investment deposited in the PTIF plus their share of income, gains and losses, net of administration fees, which are allocated to each participant on the ratio of each participant's share to the total funds in the PTIF.

Twice a year, at June 30 and December 31, the investments are valued at fair value to enable participants to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security's fair value in accordance with GASB 31 (i.e. for almost all pool investments the quoted market price) and then compare those values to come up with an agreed upon fair value of the securities.

As of December 31, 2008, the District had \$14,571,230 invested in the PTIF which had a fair value of \$14,439,798 for an unrealized loss of \$131,432. Due to the relative insignificance of this amount, the fair value of the investments in this external investment pool is deemed to be the amortized cost of the investment. The table below shows statistical information about the investment pool:

<u>Investment Type</u>	<u>Investment Percentage</u>
Corporate bonds and notes	81.08%
Money market agreements, certificates of deposit, and commercial paper	16.86%
U.S. Government securities	2.06%
	<u>100.00%</u>

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2008 and 2007

NOTE D – RESTRICTED CASH AND CASH EQUIVALENTS

Cash and cash equivalents have been restricted for the following purposes and amounts as required by the provisions of the District's various bond resolutions:

	<u>2008</u>	<u>2007</u>
Revenue bonds		
Debt service reserve	\$ 918,946	\$ 920,970
Current debt service	687,116	1,273,686
Renewal and replacement reserve	484,974	485,629
Impact fee reserve	<u>11,504,207</u>	<u>12,200,524</u>
	<u>\$ 13,595,243</u>	<u>\$ 14,880,809</u>
Included in the accompanying financial statements as follows:		
Current portion restricted cash and cash equivalents	\$ 724,986	\$ 1,714,621
Noncurrent restricted cash and cash equivalents	<u>12,870,257</u>	<u>13,166,188</u>
	<u>\$ 13,595,243</u>	<u>\$ 14,880,809</u>

NOTE E – IMPACT FEE NOTES RECEIVABLES

Long-term receivables consists of the following:

	<u>2008</u>	<u>2007</u>
Two rental housing projects built in 1995, one of which was expanded during 1996, that are paying their Impact Fees under the Affordable Rental Housing Program. The receivables will be paid in monthly installments of \$4,237 including interest at 6.28% and will be paid in full in 2010.	\$ 2,062	\$ 12,210
Impact fees due from owners of commercial property that connected to the collected system in 2007. The receivables will be paid in monthly installments of \$1,311, including interest at 5.2%	18,366	32,796
Impact fees due from property owners a commercial building. The fees will be paid in monthly installments of \$344 including interest at 3.0%.	11,733	-
	<u>\$ 32,161</u>	<u>\$ 45,006</u>

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2008 and 2007

NOTE F – CAPITAL ASSETS

Capital asset activity is summarized as follows:

	January 1, 2008	Increases	Decreases	December 31, 2008
Nondepreciable capital assets:				
Land	\$ 717,185	\$ -	\$ -	\$ 717,185
Construction in progress	868,231	2,681,697		3,549,928
Infrastructure:				
Water reclamation facilities and improvements	37,799,566	-	-	37,799,566
Collection system	64,317,044	3,852,970	771,495	67,398,519
Accumulated depreciation on infrastructure assets prior to January 1, 2003	(16,983,344)	-	-	(16,983,344)
Total nondepreciable capital assets	<u>86,718,682</u>	<u>6,534,667</u>	<u>771,495</u>	<u>92,481,854</u>
Depreciable capital assets:				
Buildings	1,964,545	-	-	1,964,545
Solids handling and other improvements	3,173,912	238,643	-	3,412,555
Machinery and equipment	2,322,672	41,222	196,607	2,167,287
Total depreciable capital assets at historical cost	<u>7,461,129</u>	<u>279,865</u>	<u>196,607</u>	<u>7,544,387</u>
Less accumulated depreciation:				
Buildings	704,113	59,203	-	763,316
Solids handling and other improvements	866,401	73,097	-	939,498
Machinery and equipment	1,339,982	166,340	146,802	1,359,520
Total accumulated depreciation	<u>2,910,496</u>	<u>298,640</u>	<u>146,802</u>	<u>3,062,334</u>
Depreciable capital assets, net	<u>4,550,633</u>	<u>(18,775)</u>	<u>49,805</u>	<u>4,482,053</u>
	<u>\$ 91,269,315</u>	<u>\$ 6,515,892</u>	<u>\$ 821,300</u>	<u>\$ 96,963,907</u>

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2008 and 2007

NOTE F – CAPITAL ASSETS - CONTINUED

	January 1, 2007	Increases	Decreases	December 31, 2007
Nondepreciable capital assets:				
Land	\$ 717,185	\$ -	\$ -	\$ 717,185
Construction in progress	14,002,429	823,342	13,957,540	868,231
Infrastructure:				
Water reclamation facilities and improvements	37,798,555	1,011	-	37,799,566
Collection system	48,544,390	15,772,654	-	64,317,044
Accumulated depreciation on infrastructure assets prior to January 1, 2003	(16,983,344)	-	-	(16,983,344)
Total nondepreciable capital assets	<u>84,079,215</u>	<u>16,597,007</u>	<u>13,957,540</u>	<u>86,718,682</u>
Depreciable capital assets:				
Buildings	1,964,545	-	-	1,964,545
Solids handling and other improvements	3,009,359	164,553	-	3,173,912
Machinery and equipment	1,922,755	477,759	77,842	2,322,672
Total depreciable capital assets at historical cost	<u>6,896,659</u>	<u>642,312</u>	<u>77,842</u>	<u>7,461,129</u>
Less accumulated depreciation:				
Buildings	644,910	59,203	-	704,113
Solids handling and other improvements	793,304	73,097	-	866,401
Machinery and equipment	1,255,810	158,653	74,481	1,339,982
Total accumulated depreciation	<u>2,694,024</u>	<u>290,953</u>	<u>74,481</u>	<u>2,910,496</u>
Depreciable capital assets, net	<u>4,202,635</u>	<u>351,359</u>	<u>3,361</u>	<u>4,550,633</u>
	<u>\$ 88,281,850</u>	<u>\$ 16,948,366</u>	<u>\$ 13,960,901</u>	<u>\$ 91,269,315</u>

Effective January 1, 2003, the District elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its water reclamation treatment and collection system. As a result, no additional accumulated depreciation or depreciation expense has been recorded for these systems since December 31, 2002. All other capital assets were reported using the "Basic Approach" whereby accumulated depreciation and depreciation expense have been recorded.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2008 and 2007

NOTE G – LONG-TERM OBLIGATIONS

All long-term obligations other than compensated absences issued by the District have provided funds for the acquisition and construction of major capital facilities.

Long-term obligations consist of the following:

	<u>2008</u>	<u>2007</u>
Compensated absences	\$ 198,065	\$ 177,973
\$2,475,000 sewer revenue refunding bonds due serially through 2010 with interest rates ranging from 1.25% to 3.50%	257,065	983,248
Non-interest bearing revenues bonds totaling \$2,500,000, due in annual installments of \$125,000 beginning in 1996	875,000	1,000,000
\$4,190,000 sewer revenue bonds due serially through 2012 with interest at 2%	<u>1,300,371</u>	<u>1,722,371</u>
	2,630,501	3,883,592
Less current maturities of long-term obligations	<u>865,317</u>	<u>1,440,837</u>
	<u>\$ 1,765,184</u>	<u>\$ 2,442,755</u>

All outstanding revenue bonds are secured by a first lien on net revenues earned by the District. Net revenues are defined in the revenue bond agreements. The District is required to establish user fees and rates that will yield net revenues equal to at least 1.25 times revenue bond debt service that will become due in the following fiscal year. Also, net revenues exclusive of Impact Fees are required to equal at least 1.00 times revenue bond debt service that will become due in the following year.

The following is a summary of changes in long-term obligations:

	<u>Balance January 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2008</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 177,973	\$180,267	\$ 160,175	\$ 198,065	\$ 172,317
Revenue bonds payable	<u>3,705,619</u>	-	<u>1,273,183</u>	<u>2,432,436</u>	<u>693,000</u>
	<u>\$3,883,592</u>	<u>\$180,267</u>	<u>\$1,433,358</u>	<u>\$2,630,501</u>	<u>\$865,317</u>

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2008 and 2007

NOTE G – LONG-TERM OBLIGATIONS – CONTINUED

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007	Amounts Due Within One Year
Compensated absences	\$ 170,497	\$160,923	\$ 153,447	\$ 177,973	\$ 154,829
Revenue bonds payable	4,947,804	-	1,242,185	3,705,619	1,286,000
	<u>\$5,118,301</u>	<u>\$160,923</u>	<u>\$1,395,632</u>	<u>\$3,883,592</u>	<u>\$1,440,837</u>

The annual debt service requirements to maturity, including principal and interest, for long-term obligations, exclusive of compensated absences as of December 31, 2007, are as follows:

Year Ending December 31,	Principal	Interest	Total Debt service
2009	\$ 693,000	\$ 32,964	\$ 725,964
2010	706,209	19,668	725,877
2011	554,371	8,382	562,753
2012	125,000	-	125,000
2013	125,000	-	125,000
2014-2018	250,000	-	250,000
	<u>2,453,580</u>	<u>61,014</u>	<u>2,514,594</u>
Less unamortized loss on defeasance	(21,145)	-	(21,145)
	<u>\$ 2,432,435</u>	<u>\$ 61,014</u>	<u>\$ 2,493,449</u>

NOTE H – PLEDGED REVENUES

The District has pledged a portion of future sewer use fees totaling \$2,514,594 to pay debt service on sewer revenue bonds issued in 1999, 2003 and 2004. These bonds financed the acquisition and improvement of the District's collection system and treatment plants. The bonds are payable solely from sewer use fees which will be committed to the repayment of the bonds until 2018. These revenues were projected to produce approximately 1050% of the debt service requirements over the life of the bonds. For the current year, principal and interest paid on the bonds was \$1,339,943 which was paid from pledged revenues.

NOTE I - COMPENSATED ABSENCES

Full-time, regular employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the District. Employees can also earn compensatory time for hours worked in excess of normal full-time hours. Non-exempt employees are entitled to all accrued vacation leave and compensatory time upon termination.

Employees also earn sick leave which may be accumulated up to 720 hours. Any accumulation in excess of that limit, is paid out annually at 50 percent of the amount accrued. Employees who retire in good standing may be reimbursed for one-half of accumulated sick leave.

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2008 and 2007

NOTE J - RETIREMENT PLANS

Plan Description - The District contributes to the Local Governmental Noncontributory Retirement System cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs 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 Systems and Plans. 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 - In the Local Governmental Noncontributory Retirement System the District is required to contribute 11.62% of plan members' annual covered salary. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The District contributions to the Noncontributory Retirement System the contributions for December 31, 2008, 2007, and 2006, were \$259,609, \$244,889, and \$231,848, respectively. The contributions were equal to the required contributions for each year.

NOTE K - DEFERRED COMPENSATION PLAN

401(K) Defined Contribution Plan

Effective July 1986, the District offered its full-time employees participation in a defined contribution deferred compensation plan created in accordance with Internal Revenue Code Section 401(k) (the 401(k) Plan). Employees may contribute up to 25.0% of their annual salary up to a maximum of \$13,000. During 2008 and 2007, all participants in the 401(k) Plan also participated in the noncontributory plans of the system. The District is not legally obligated to contribute and any contribution made is at the discretion of the Board of Trustees. All contributions are fully vested.

Contributions made by employees to the 401(k) Plan were \$104,756 and \$105,394 for 2008 and 2007, respectively. In 2008, the District made contributions totaling \$148,376 (\$138,718 in 2007).

Snyderville Basin Water Reclamation District
Notes to the Basic Financial Statements
December 31, 2008 and 2007

NOTE K - DEFERRED COMPENSATION PLAN - CONTINUED

457 Deferred Compensation Plan

The District also offers its full-time employees voluntary participation in a deferred compensation plan in accordance with Internal Revenue Code Section 457. The District is not legally obligated to contribute and any contribution made is at the discretion of the Board of Trustees. All contributions are fully vested.

Contributions to the plan by employees were \$63,618 in 2008 (\$53,152 in 2007). In 2008, the District made contributions totaling \$119,759 (\$100,175 in 2007).

NOTE L - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all of these risks of loss, except natural disasters other than earthquakes. During 2008, the District did not decrease any levels of insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

Claims information for the past two years is as follows:

	<u>2008</u>	<u>2007</u>
Claims liability, January 1	\$ -	\$ -
Claims incurred during the year and changes in estimates	6,363	-
Payments on claims during the year		
Payments made by insurance	6,118	-
Payments made by the District	245	-
Claims liability, December 31	<u>\$ -</u>	<u>\$ -</u>

NOTE M – RECLASSIFICATIONS

Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 presentation.



The Quality
of Our Water
Reflects the
Quality of Our
Community

Required Supplementary Information

Snyderville Basin Water Reclamation District
Modified Approach for Eligible Infrastructure Assets
Year Ended December 31, 2008

In accordance with GASB Statement No. 34, the District is required to account for and report infrastructure capital assets. The District defines infrastructure as the basic physical assets of the collection system and reclamation facilities. Infrastructure assets are capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than other capital assets. The District's major infrastructure system consists of the collection system and reclamation facilities and can be divided into subsystems such as collection lines, manholes and other appurtenances, pump stations and reclamation facilities. Subsystem detail is not presented in the basic financial statements; however, the District maintains detailed information on these subsystems.

The District has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its collection and reclamation system. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated if the following requirements are met:

- A. The District manages the eligible infrastructure capital assets using an asset management system meeting the following minimum requirements (1) have an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- B. The District documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The District commissions a physical condition assessment of its collection and reclamation facilities each year. The District's objective is to complete an assessment annually of all infrastructure assets covered by the District's asset management system. In accordance with GASB Statement No. 34, footnote 19, the District's condition assessments will be performed, in part, using statistical samples that are representative of infrastructure assets. This allows the District to ensure that assets are maintained at a prescribed condition and analyze future funding needs. The District's collection and reclamation system is composed of approximately 267.1 miles of collection lines, 6,564 manholes, 12 pump stations, one trunkline support facility and two reclamation facilities.

The District developed condition grade scales to provide a means of rating the assets during each condition assessment. The assets are assessed for several possible defects which are assigned a relative weight. Those weights are then normalized to sum to one (100%). The assigned condition grade score for each possible defect is multiplied by the normalized relative weight to yield a weighted defect score. The weighted defect scores are totaled for each asset, yielding a total asset rating that will range from 1 to 5. The Total Asset Ratings and corresponding Levels of Service are summarized in the following table. The District has set a minimum service level of 3 (Good) for all infrastructure assets.

<u>Level of Service</u>	=	<u>Total Asset Rating</u>
1 - Excellent	=	$1.0 < \text{TAR} \leq 1.5$
2 - Very Good	=	$1.5 < \text{TAR} \leq 2.5$
3 - Good	=	$2.5 < \text{TAR} \leq 3.5$
4 - Poor	=	$3.5 < \text{TAR} \leq 4.5$
5 - Very Poor	=	$4.5 < \text{TAR}$

continued

Snyderville Basin Water Reclamation District
Modified Approach for Eligible Infrastructure Assets - continued
Year Ended December 31, 2008

During 2008, the District performed condition assessments using a statistical sample of 216 line segments, for the collection system, calculated in accordance with GASB Statement No. 34 guidelines. In addition, the District did an assessment of 1,212 reclamation facility assets, 104 manholes and 12 pump stations. The condition assessment of the 216 line segments identified one line segment not meeting the minimum standard established by the District. In addition, approximately 16 segments not meeting the minimum standards established by the District were identified as part of the District's ongoing television inspection efforts. All of the manholes, reclamation facilities and pump stations were at or above the minimum service level.

These results were within the estimated expectations of the District and funds totaling \$1,305,000 have been budgeted for 2009 to upgrade the identified and yet to be identified deficiencies. Using the statistical sample for the collection system, and extrapolating the findings to the total population of line segments, the District is projecting that additional line segments will be assessed at service levels falling below the established condition level, with an estimated cost of \$25,000 to upgrade these as yet unidentified deficiencies.

The following summarized the conditions noted in the three most recent condition assessments:

Condition	Number of Reclamation Facility Assets Assessed			Number of Segments Assessed			Number of Manholes Assessed			Number of Pump Stations Assessed		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
1 - Excellent	855	774	700	62	86	64	104	102	91	7	4	4
2 - Very Good	332	332	407	114	110	110	-	2	16	2	2	2
3 - Good		18	8	39	23	23	-	-	1	3	2	2
4 - Poor	-	-	-	1	1	1	-	-	-	-	1	1
5 - Very Poor	-	-	-	-	-	-	-	-	-	-	-	-

The District expended \$1,350,058 on renewal and replacement of the collection system for the year ended December 31, 2008. Those renewal and replacement expenditures add service life to the asset. The budget required to maintain and improve the current level of overall condition through the year ended December 31, 2031 is estimated to be approximately \$47,353,997 (\$1,305,000 is projected for the year ended December 31, 2009, and the remaining \$46,048,997 spread over the years ending December 31, 2010 through 2038).

The following summarizes the estimated annual amounts to maintain the District's collection and reclamation facilities at the current level as compared to actual expenditures to maintain the facilities at the current level for the past five reporting years.

	2008	2007	2006	2005	2004
Estimated	\$ 1,605,258	\$ 213,000	\$ 1,197,500	\$ 156,300	\$ 1,143,600
Actual	\$ 1,350,058	\$ 124,630	\$ 1,054,000	\$ 365,202	\$ 956,193

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OTHER SUPPLEMENTAL FINANCIAL INFORMATION

Supplemental Financial Information
Schedule of Revenues and Other Sources and Expenditures and Other Uses, Budget to Actual
(Non-GAAP Budgetary Basis)

Year Ending December 31, 2008
With Comparative Totals for 2007

	2008		Variance - favorable (unfavorable)	2007
	Budget	Actual		Actual
Revenues and Other Sources:				
Operating Revenues				
Sewer User Fees	\$ 6,990,110	\$ 6,874,762	\$ (115,348)	\$ 6,484,149
Engineering Fees	158,220	52,999	(105,221)	175,972
Other Operating Revenue	27,400	134,217	106,817	81,046
Total	7,175,730	7,061,978	(113,752)	6,741,167
Nonoperating Revenues and other sources				
Impact Fees	4,886,936	2,324,619	(2,562,317)	4,145,943
Investment Income	766,685	503,855	(262,830)	733,405
Gain (Loss) on Disposal of Capital Assets	0	(768,009)	(768,009)	16,200
Other Revenue	464,000	0	(464,000)	0
Capital Contributions	5,000,000	3,729,921	(1,270,079)	1,157,824
Total	11,117,621	5,790,386	(5,327,235)	6,053,372
Total Revenues and Other Sources	18,293,351	12,852,364	(5,440,987)	12,794,539
Expenditures and Other Uses				
Operating Expenditures				
Wages and benefits	3,580,988	3,472,542	108,446	3,293,105
Supplies	458,501	501,029	(42,528)	413,870
Contractual services	162,995	191,740	(28,745)	171,542
Utilities	447,650	440,679	6,971	423,756
Repairs and maintenance	1,861,013	1,632,347	228,666	420,339
Administration	213,990	196,804	17,186	182,080
Miscellaneous	472,405	102,454	369,951	104,522
Depreciation and amortization	360,000	308,520	51,480	300,833
Total O & M	7,557,542	6,846,115	711,427	5,310,047
Non Operating Expenditures				
Long-term Debt Principal	1,301,023	1,286,000	15,023	1,255,000
Long-term Debt Interest	43,942	53,942	(10,000)	81,160
Capital Disbursements	43,900	31,098	12,802	459,270
Construction	4,277,902	3,053,513	1,224,389	1,664,685
Total Non Operating Expenditures	5,666,767	4,424,553	1,242,214	3,460,115
Total Expenditures and Other Uses	\$13,224,309	\$ 11,270,668	\$ 1,953,641	\$ 8,770,162
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	\$ 5,069,042	\$ 1,581,696	\$ (3,487,346)	\$ 4,024,377

Statistical Section

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

Contents	Page
Financial Trends These schedules contain trend information that may assist the reader in assessing the District's current financial performance and by placing it in historical perspective.	32 - 41
Revenue Capacity These schedules contain information that may assist the reader in assessing the District's two most significant local revenue sources, User Fees and Impact Fees.	42 - 45
Debt Capacity These tables present information that may assist the reader in analyzing the affordability of the District's current levels of outstanding debt and the ability to issue additional debt in the future.	46 - 48
Economic & Demographic Information This table offers economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place	49 - 50
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs	51 - 58

Source:

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year.



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Statement of Net Assets

1999 - 2008

Prior to GASB 34

	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003	December 31, 2002	December 31, 2001	December 31, 2000	December 31, 1999
Assets										
Current Assets	\$ 2,890,453	\$ 4,086,957	\$ 3,841,496	\$ 5,223,349	\$ 3,655,301	\$ 4,444,190	\$ 4,671,357	\$ 5,238,542	\$ 1,065,163	\$ 3,870,960
Non Current Restricted Assets	12,902,418	13,211,194	10,324,308	6,955,462	12,517,291	9,233,891	8,412,784	13,771,289	15,984,359	14,742,174
Capital Assets (at cost)	113,459,657	110,294,923	93,956,789	92,903,678	90,966,275	85,666,185	66,894,502	67,797,628	64,192,242	61,427,421
Less Accumulated Dep'n	(20,045,678)	(19,893,639)	(19,677,368)	(20,548,872)	(20,329,489)	(20,229,495)	(20,026,808)	(19,925,567)	(17,960,862)	(16,209,408)
Construction in Progress	3,549,928	868,231	14,002,429	11,867,808	548,193	0	15,359,296	7,520,341	904,295	-
Other Assets	30,070	39,950	49,829	109,709	119,588	129,468	184,061	210,860	189,839	163,594
Total Assets	\$ 112,786,848	\$ 108,607,416	\$ 102,497,483	\$ 96,511,134	\$ 87,477,159	\$ 79,244,239	\$ 75,495,192	\$ 74,613,093	\$ 64,375,036	\$ 63,994,741
Liabilities and Net Assets										
Current Liabilities	\$ 1,677,091	\$ 2,767,302	\$ 2,792,571	\$ 3,250,475	\$ 1,847,292	\$ 1,728,180	\$ 2,283,722	\$ 2,708,369	\$ 2,235,407	\$ 2,395,507
Long Term Obligations	1,765,184	2,442,755	3,714,220	4,956,754	5,835,538	6,535,227	8,291,005	8,745,000	5,898,000	9,637,000
Contributions *	-	-	-	-	-	-	-	-	-	23,703,676
Retained Earnings	-	-	-	-	-	-	-	-	-	28,258,558
Net Assets	94,531,471	87,563,695	83,312,630	78,395,626	64,656,808	58,216,544	53,481,990	45,804,403	40,003,675	-
Invested in capital assets, net of related debt	12,016,842	12,337,748	9,273,671	5,448,468	11,105,482	7,923,954	5,647,381	10,746,669	13,955,998	-
Restricted for capital projects	1,578,576	2,159,446	1,027,009	1,914,083	1,654,596	1,596,857	1,578,443	1,353,322	1,210,735	-
Restricted for debt service	1,217,684	1,336,470	2,377,382	2,545,728	2,377,443	3,243,477	4,212,651	5,255,330	1,071,221	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total Liabilities and Net Assets	\$ 112,786,848	\$ 108,607,416	\$ 102,497,483	\$ 96,511,134	\$ 87,477,159	\$ 79,244,239	\$ 75,495,192	\$ 74,613,093	\$ 64,375,036	\$ 63,994,741

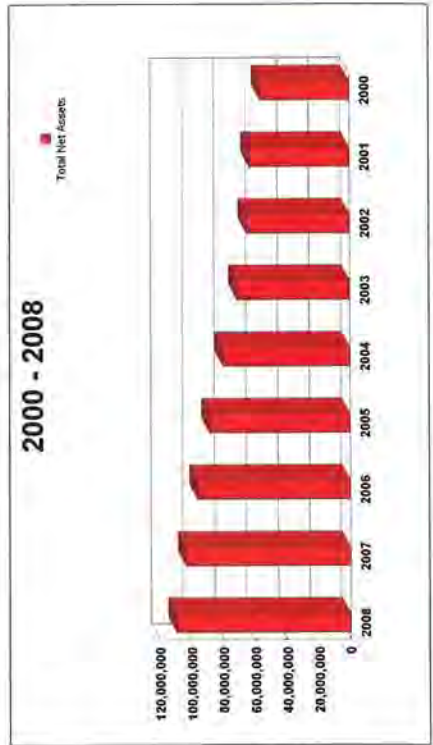
* Because of GASB Statement No. 33, Contributions from Developers which have previously been shown in a separate equity category, are being recognized in the Statement of Activities and Changes in Net Assets starting 2000

Changes in Net Assets

1999 - 2008

Prior to GASB 34

	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003	December 31, 2002	December 31, 2001	December 31, 2000	December 31, 1999
Revenues:										
Operating Revenues										
Sewer User Fees	\$ 6,874,762	\$ 6,484,149	\$ 5,789,615	\$ 5,514,927	\$ 5,188,123	\$ 5,083,459	\$ 4,466,116	\$ 4,325,185	\$ 4,211,185	\$ 3,880,965
Engineering Fees	52,999	175,972	277,200	449,905	131,438	128,155	88,651	343,945	255,318	356,365
Other Revenue	134,217	81,046	31,510	33,165	28,305	31,761	16,537	27,306	60,208	19,832
Total Operating Revenue	7,061,978	6,741,167	6,098,325	5,997,997	5,347,866	5,243,375	4,571,304	4,696,436	4,526,711	4,257,162
Expenses:										
Operating Expenses										
Operation & Maintenance	6,537,595	5,009,214	5,705,240	4,706,816	4,364,196	4,087,711	3,619,479	3,331,676	2,979,993	2,910,101
Depreciation and amortization	308,520	300,833	299,464	314,772	316,671	407,124	2,097,907	2,003,108	1,885,297	1,793,154
Total Operating Expenses	6,846,115	5,310,047	6,004,704	5,021,588	4,680,867	4,494,835	5,717,386	5,334,784	4,865,290	4,703,255
Nonoperating Revenues										
Impact Fees	2,324,619	4,145,943	5,648,525	5,569,334	3,749,435	3,285,416	2,278,125	3,755,136	1,992,018	2,798,935
Investment Income	503,855	733,405	504,837	480,541	254,033	207,205	335,734	968,219	1,077,232	920,133
Other Revenue	-	-	70,462	102,965	102,965	102,965	-	-	-	-
Gain (Loss) on Sale of Capital Assets	(768,009)	16,200	(284,411)	2,563	(38)	(105,694)	(1,798,850)	(947)	5,547	(869)
Total Nonoperating Revenue	2,060,465	4,895,548	5,939,413	6,155,403	4,106,395	3,489,892	815,009	4,722,408	3,074,797	3,718,199
Non Operating Expenses										
Interest Expense	59,035	77,825	99,657	119,276	138,024	137,321	160,610	182,351	422,992	486,659
Income (loss) Before Contributions and Extraordinary Items	2,217,293	6,248,843	5,933,377	7,012,536	4,635,370	4,101,111	(491,683)	3,901,709	2,313,226	\$ 2,785,447
Capital Contributions	3,729,921	1,157,824	1,753,410	1,497,040	4,178,127	1,959,256	2,252,424	3,016,386	2,427,018	-
Extraordinary Loss on Defeasance of Debt	-	-	-	-	-	-	-	-	(460,849)	-
Increase in Net Assets	5,947,214	7,406,667	7,686,787	8,509,576	8,813,497	6,060,367	1,760,741	6,918,095	4,279,395	-
Net Assets at Beginning of Year	103,397,359	95,990,692	88,303,905	79,794,329	70,980,832	64,920,465	63,159,724	56,241,629	51,962,234	-
Net Assets at End of Year	\$ 109,344,573	\$ 103,397,359	\$ 95,990,692	\$ 88,303,905	\$ 79,794,329	\$ 70,980,832	\$ 64,920,465	\$ 63,159,724	\$ 56,241,629	\$ -

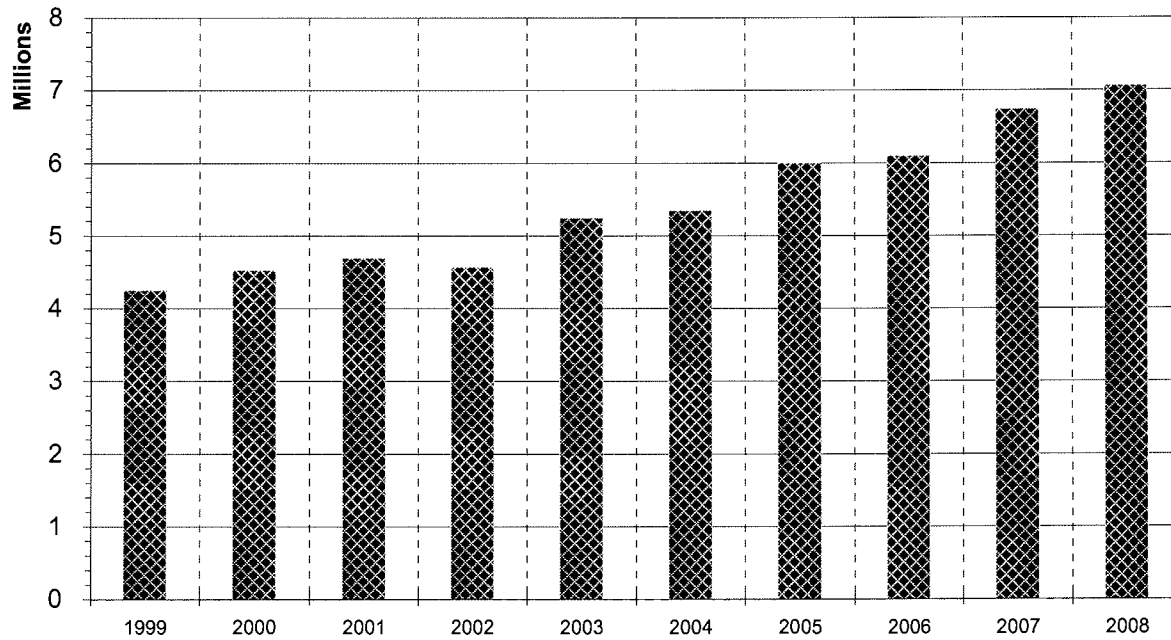


Operating Revenues

1999 - 2008

Year	User Fees	Engineering Fees	Other Operating Revenue	Total
1999	\$ 3,880,965	\$ 356,365	\$ 19,832	\$ 4,257,162
2000	4,211,185	255,318	60,208	4,526,711
2001	4,325,185	343,945	27,306	4,696,436
2002	4,466,116	88,651	16,537	4,571,304
2003	5,083,459	128,155	31,762	5,243,376
2004	5,188,123	131,438	28,305	5,347,866
2005	5,514,927	449,905	33,165	5,997,997
2006	5,789,615	277,200	31,510	6,098,325
2007	6,484,149	175,972	81,046	6,741,167
2008	6,874,762	52,999	134,217	7,061,978

Operating Revenue

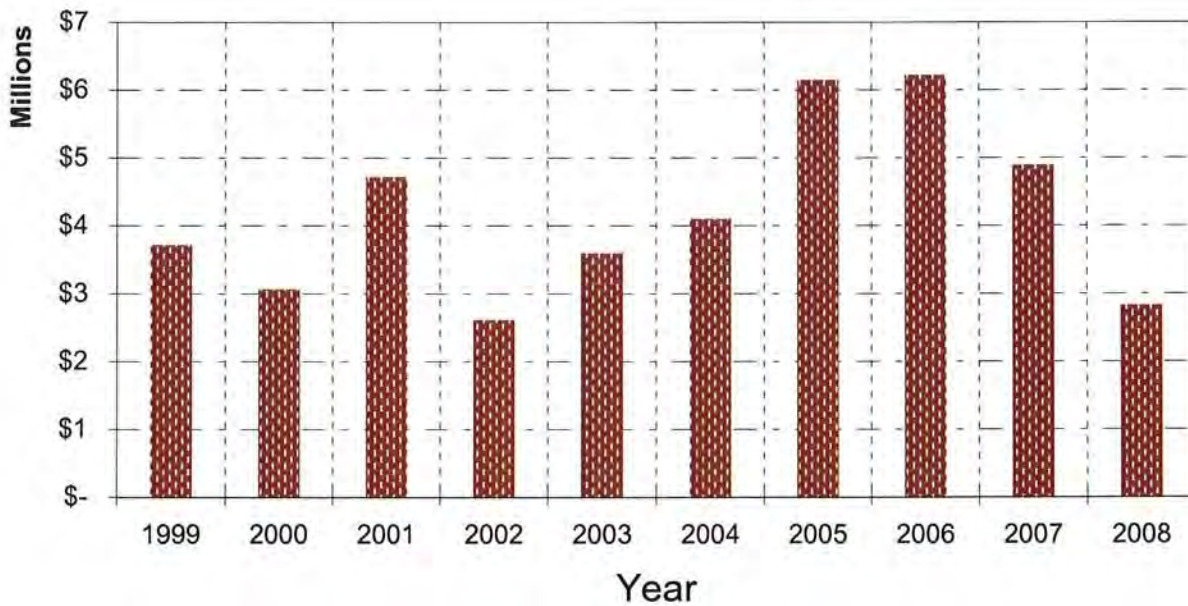


Non Operating Revenues

1999 - 2008

Year	Impact Fees	Investment Income	Other Non-Operating Revenue	Total
1999	\$ 2,798,935	\$ 920,133	\$ -	\$ 3,719,068
2000	1,992,018	1,077,232	-	3,069,250
2001	3,755,136	968,219	-	4,723,355
2002	2,278,125	335,733	-	2,613,858
2003	3,285,416	207,205	102,965	3,595,586
2004	3,749,435	254,033	102,965	4,106,433
2005	5,569,334	480,542	102,965	6,152,841
2006	5,648,525	504,837	70,462	6,223,824
2007	4,145,943	733,405	16,200	4,895,548
2008	2,324,619	503,856	-	2,828,475

Non Operating Revenues



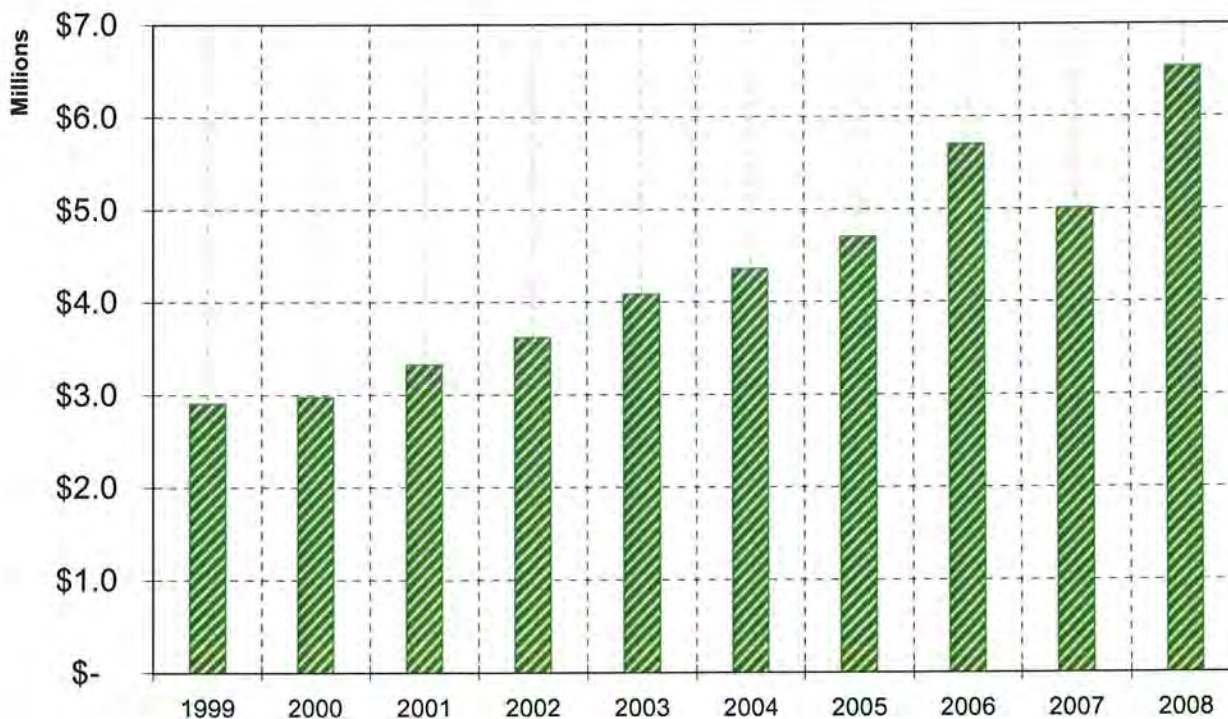
Operating Expenses - By Department

(excluding depreciation and amortization)

1999 - 2008

Year	Admin	Engineer	Collections	ECWRF	SCWRF	Lab	Solids Mgt	Pretreat	Total Operating Expenses (excluding depreciation)
1999	\$ 547,358	\$ 528,145	\$ 394,519	\$ 667,805	\$ 415,005	\$ 100,269	\$ 189,313	\$ 67,687	\$ 2,910,101
2000	478,201	610,474	409,294	654,181	427,288	138,245	194,810	67,500	2,979,993
2001	574,148	628,584	486,225	658,600	573,946	130,033	196,475	83,665	3,331,676
2002	689,381	641,854	598,281	674,078	578,018	143,941	210,410	83,516	3,619,479
2003	691,396	672,255	713,669	867,861	618,582	154,294	280,984	88,670	4,087,711
2004	737,585	700,462	890,326	797,790	621,913	168,353	340,136	107,631	4,364,196
2005	803,084	716,562	949,243	889,723	684,618	169,318	380,370	113,898	4,706,816
2006	894,724	802,065	1,797,359	899,943	649,861	167,412	378,679	115,197	5,705,240
2007	816,892	805,421	996,200	1,025,449	687,738	147,357	398,438	131,719	5,009,214
2008	820,961	864,140	2,315,508	1,108,769	704,426	154,319	430,057	139,597	6,537,777

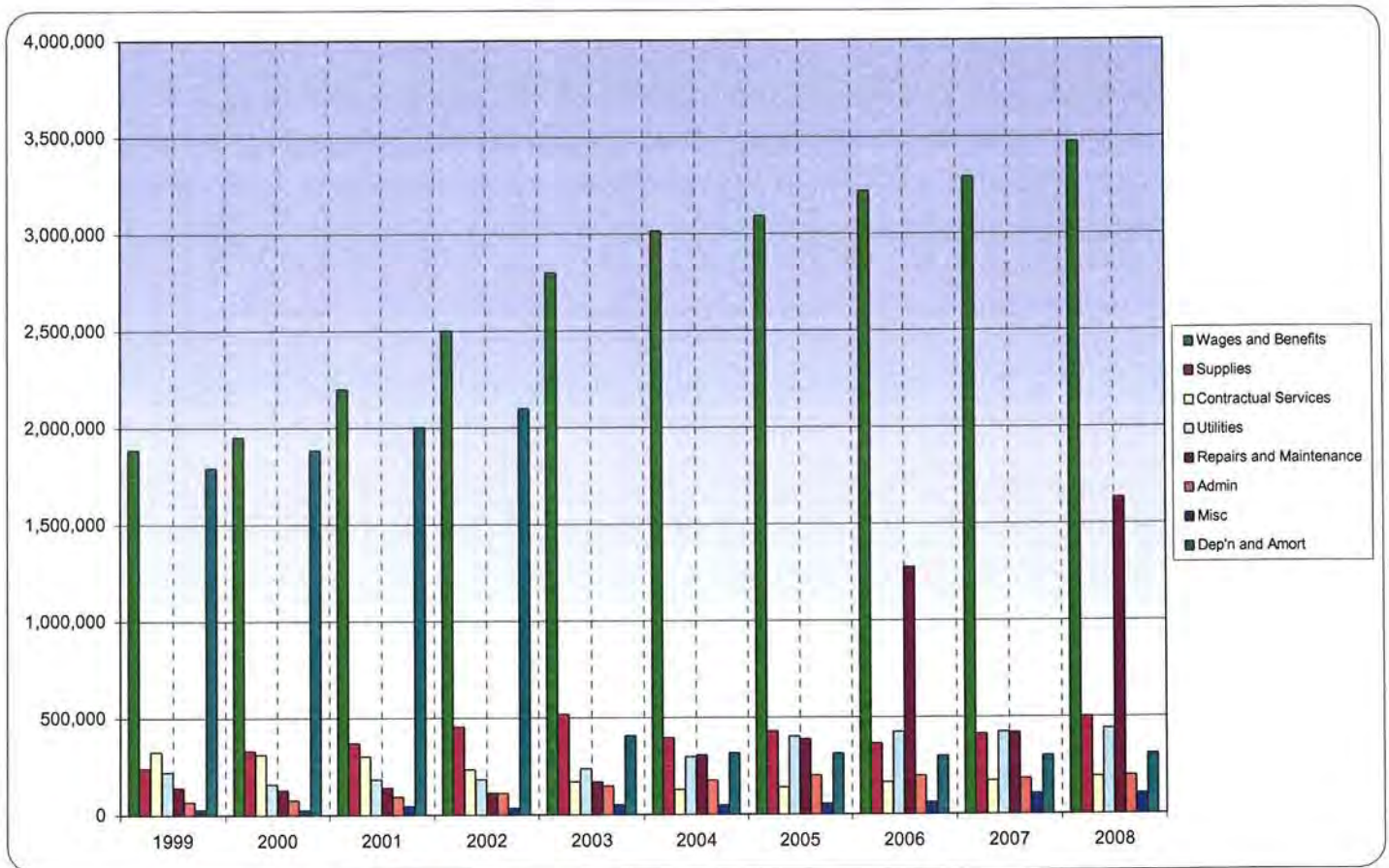
Operating Expenses by Department



Operating Expenses by Source

1999 - 2008

Year	Wages and Benefits	Supplies	Contractual Services	Utilities	Repairs and Maintenance	Admin	Misc	Dep'n and Amort	Total Operating Expenses
1999	\$ 1,885,876	\$ 240,180	\$ 327,519	\$ 221,531	\$ 138,714	\$ 67,177	\$ 27,398	\$ 1,793,154	\$ 4,703,548
2000	1,951,192	330,942	311,826	159,130	126,824	75,442	24,637	1,885,297	4,865,290
2001	2,199,860	370,487	302,291	182,805	138,757	92,999	44,477	2,003,108	5,334,784
2002	2,501,563	455,169	234,765	182,322	112,424	110,224	33,012	2,097,907	5,727,386
2003	2,798,954	517,813	169,547	236,624	167,480	148,183	49,110	407,124	4,494,835
2004	3,014,637	396,255	128,022	297,390	305,466	175,524	46,902	316,671	4,680,867
2005	3,092,602	429,908	138,667	402,023	388,571	200,897	54,148	314,772	5,021,588
2006	3,219,120	364,770	165,119	424,085	1,275,327	196,898	59,921	299,464	6,004,704
2007	3,293,105	413,870	171,542	423,756	420,339	182,080	104,522	300,833	5,310,047
2008	3,472,542	501,029	191,649	440,679	1,632,438	196,804	102,454	308,520	6,846,115



Note: Starting in 2003, the District used the modified approach to account for infrastructure assets reducing annual depreciation and increasing expenditures in repairs and maintenance

**Impact Fee Analysis
December 31, 2008**

	Not Allocable to Impact Fees	Amounts Allocable to Impact Fees	Total
Revenues and Other Sources			
User Fees	\$ 6,874,762	\$ -	\$ 6,874,762
Engineering Fees	52,999	-	52,999
Impact Fees	-	2,324,619	2,324,619
Investment Income	95,211	408,644	503,855
Other	187,508	-	187,508
Total revenues and other sources	7,210,480	2,733,263	9,943,743
Expenditures and other uses			
Operation & maintenance expenses	6,537,595	-	6,537,595
Debt Service - Interest			
2000 Revenue Bonds	26,519	-	26,519
2003 Revenue Bonds	19,699	-	19,699
Debt Service - Other			
Reduction of long-term obligations	1,286,000	-	1,286,000
Decrease in bond reserves	(589,249)	-	(589,249)
Capital expenditures - equipment			
Engineering Equipment	31,097	-	31,097
Capital expenditures - construction			
Flow Monitoring	-	10,124	10,124
EC Relief Ph II	-	33,247	33,247
ECWRF Expansion Project	-	1,426,843	1,426,843
TMDL Study	-	209,404	209,404
SCWRF Expansion Project	-	1,254,854	1,254,854
Impact Fee Analysis	-	29,240	29,240
Norfolk/Woodside Reconstruction	-	89,802	89,802
Total expenditures and other uses	7,311,661	3,053,514	10,365,175
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(101,181)	(320,251)	(421,432)
Funds at beginning of year	\$ 1,261,309	\$ 11,852,119	13,113,428
Funds at end of year	\$ 1,160,128	\$ 11,531,868	\$ 12,691,996
Funds at end of year consists of:			
Unrestricted Current Assets	\$ 2,165,467	\$ -	\$ 2,165,467
Current restricted cash and cash equivalents	-	4,500	4,500
Noncurrent restricted cash and cash equivalent:	-	11,499,707	11,499,707
Impact fee notes receivable	-	32,161	32,161
Accounts payable	(179,067)	(4,500)	(183,567)
Accrued liabilities	(314,179)	-	(314,179)
Total compensated absenses	(198,065)	-	(198,065)
Customer deposits	(314,028)	-	(314,028)
	\$ 1,160,128	\$ 11,531,868	\$ 12,691,996
Funds required to be expended by 2012		\$ 4,093,938	
Funds required to be expended by 2013		4,704,667	
Funds required to be expended by 2014		2,733,263	
		\$ 11,531,868	

**Schedule of Historical Impact Fee Revenue and Expenditures
December 31, 2008**

and the preceding nine years actual

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenue:										
Impact Fee Revenue	\$ 2,324,619	\$ 4,145,943	\$ 5,648,525	\$ 5,569,334	\$ 3,749,435	\$ 3,285,416	\$ 2,278,125	\$ 3,755,136	\$ 1,992,018	\$ 2,798,935
Investment Income	408,644	558,724	336,431	346,139	181,697	140,180	216,726	711,231	762,044	472,673
Total Revenues	2,733,263	4,704,667	5,984,956	5,915,473	3,931,132	3,425,596	2,494,851	4,466,367	2,754,062	3,271,608
Expenditures:										
Debt Service - Interest	-	-	-	-	-	-	-	1,086	5,258	8,472
1978 GO Bonds	-	-	-	-	-	-	-	39,144	61,770	81,944
1992 GO Bonds	-	-	-	-	-	-	-	-	332,663	116,925
1993 Revenue Bonds	-	-	-	-	-	-	-	41,992	42,615	51,945
1995 Revenue Bonds	-	-	-	-	-	-	-	39,661	-	-
2000 Revenue Bonds	-	-	-	-	-	-	-	-	51,082	-
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
Wastewater Collection System Expansion	-	-	73,500	94,967	35,871	-	30,375	139,092	50,847	67,739
East Canyon WRF Expansion	1,426,843	380,621	-	4,326	-	1,056,537	7,074,313	5,167,307	252,079	514,793
East Canyon WRF - Phosphorus Removal	-	-	-	105,654	120,548	-	-	-	373,150	-
Silver Creek Water Reclamation Facility	1,254,854	442,722	343,145	47,418	-	-	-	-	15,113	16,549
Compost Facility	-	-	-	-	-	-	-	-	1,429	2,749
Capital Facilities Planning/Impact Fee Analysis	29,240	18,466	76,922	65,582	6,694	-	100,616	65,425	-	-
Boislands Handling	-	-	-	-	-	-	-	-	-	-
East Canyon Relief Ph II	33,247	657,290	2,089,732	10,360,942	546,082	29,910	-	-	-	-
319 Planning Study	-	-	-	38,297	-	-	-	-	-	-
East Canyon Reuse Line	-	-	-	863,706	2,111	-	-	-	-	-
Instream Flow	-	898	8,731	-	-	-	-	-	-	-
Water Transport Project	-	-	10,601	-	-	-	-	-	-	-
TMDL Study	209,404	146,086	-	-	-	-	-	-	-	-
Stream DO Recorders/Flow Monitoring	10,124	18,490	-	-	-	-	-	-	-	-
Reuse Program	-	112	18,656	29,892	-	-	-	-	-	-
Norfolk/Woodside	89,802	-	-	-	-	-	-	-	-	-
Total Impact Fee Expenditures	3,053,514	1,664,685	2,621,287	11,572,487	749,603	1,149,023	7,205,304	5,493,707	1,186,006	861,116
Excess (deficiency) of revenues over (under) expenditures	(320,251)	3,039,982	3,363,669	(5,657,015)	3,181,529	2,276,573	(4,710,453)	(1,027,340)	1,568,056	2,410,492
Impact Fee Funds at beginning of year	11,852,119	8,812,137	5,448,468	11,105,482	7,923,954	5,647,381	10,357,834	11,385,174	9,817,118	7,406,626
Impact Fee Funds at end of year	\$ 11,531,868	\$ 11,852,119	\$ 8,812,137	\$ 5,448,467	\$ 11,105,482	\$ 7,923,954	\$ 5,647,381	\$ 10,357,834	\$ 11,385,174	\$ 9,817,118

**Schedule of Future Impact Fee Revenue and Expenditures
Future Project Schedule**

	Budgeted							
	2009	2010	2011	2012	2013	2014	2015	2016
Estimated Revenue:								
Impact Fee Revenue	\$ 1,010,740	\$ 1,019,416	\$ 1,104,889	\$ 1,264,642	\$ 1,504,411	\$ 1,832,612	\$ 2,259,471	\$ 2,795,637
Investment Income	279,160	323,629	361,930	404,996	451,233	475,521	219,655	115,684
Bond Proceeds	-	-	-	-	-	-	26,400,415	37,056,254
Loan from Existing Customer Fund	-	-	-	-	-	-	-	-
Total Revenues	1,289,900	1,343,045	1,466,819	1,669,638	1,955,644	2,308,133	28,879,541	39,967,575
Budgeted Projects:								
Capital Facilities Planning/Impact Fee Analysis	35,000	102,086	104,215	106,388	108,607	110,872	113,185	115,546
East Canyon Relief Ph II	15,000	-	-	-	-	-	-	-
East Canyon/Silver Creek Expansion	10,000	-	-	-	-	1,392,406	34,373,775	41,879,414
Flow Monitoring	-	-	13,033	-	-	-	14,155	-
Summit Park Lift Stations	-	-	-	-	283,093	246,009	-	-
Silver Creek Estates Line	120,000	-	-	-	-	-	-	-
Membranes	-	-	-	-	-	-	57,000	-
Biosolids Disposal Options	-	-	-	-	-	481,036	-	-
Debt Service	-	-	-	-	-	-	767,173	2,745,726
Total Impact Fee Expenditures	180,000	102,086	117,248	106,388	391,700	2,230,323	35,325,288	44,740,686
Excess (deficiency) of revenues over (under) expenditures	1,109,900	1,240,959	1,349,571	1,563,250	1,563,944	77,810	(6,445,747)	(4,773,111)
Impact Fee Funds at beginning of year	11,531,868	12,641,768	13,882,727	15,232,298	16,795,548	18,359,492	18,437,302	11,991,555
Impact Fee Funds at end of year	\$ 12,641,768	\$ 13,882,727	\$ 15,232,298	\$ 16,795,548	\$ 18,359,492	\$ 18,437,302	\$ 11,991,555	\$ 7,218,444

**Schedule of Historical Impact Fees Collected by Project
through December 31, 2008**

Project from Which Funds Were Collected	2006	2007	2008	Project from Which Funds Were Collected	2006	2007	2008
10 DALY AVENUE	\$ 7,236	\$ -	\$ -	NEWPARK SWANER PARCEL	\$ -	\$ 2,041	\$ -
1021 NORFOLK	14,472	16,008	-	NEWPARK TOWNCENTER RETAIL	-	-	97,972
1414 EMPIRE AVENUE REPLAT	27,135	-	-	NORTHGATE CANYON	-	-	10,257
187 DALY AVENUE	-	8,004	-	NORTHSIDE VILLAGE	19,899	-	-
260 MAIN STREET SUB	-	9,205	-	OAKS @ DEER VALLEY	25,326	32,016	-
601 DEER VALLEY DRIVE	43,416	-	-	PAINTBRUSH HOMES CONDOS	-	32,016	-
944 LOWELL AVE	-	-	8,205	PAINTED SKY	30,753	76,290	-
AERIE	9,045	28,014	-	PALISADES	25,326	56,028	12,308
AMERICAN FLAG	-	22,011	-	PARK CITY SURVEY	33,467	94,911	54,155
APRIL MOUNTAIN	-	16,008	10,257	PARK MEADOWS	16,281	2,001	-
ASPEN CAMP	-	48,024	10,257	PARKWOOD PLACE	45,225	-	-
ASPEN CREEK CROSSING	14,472	-	-	PARLEYS PARK	16,462	350,564	-
BACK NINE	-	36,018	-	PINEBROOK	15,045	2,001	-
BALD EAGLE CLUB	1,809	-	-	PINERIDGE	57,888	30,216	-
BANNER WOOD	-	12,006	-	PINNACLE	-	2,409	-
BEAR HOLLOW VILLAGE	343,715	8,004	22,561	PLAZA HOTEL	-	24,012	-
BISON BLUFFS	77,787	130,065	16,209	PROMONTORY	-	5,403	-
BROOKSIDE	5,427	-	-	PROMONTORY GOLF COURSE	-	6,004	-
BUFFALO JUMP	9,045	28,014	-	PROMONTORY RIDGE	-	8,004	-
BUSH REPLAT	-	-	8,205	PROSPECTOR PARK	3,419	2,001	8,205
CANYON LINKS AT JEREMY RANCH	37,667	84,042	-	PROSPECTOR SQUARE	16,281	-	-
CEDAR DRAW	-	-	20,513	PROSPECTOR VILLAGE	-	-	20,514
CEDAR DRAW ESTATES	45,225	-	-	QUARRY JUNCTION	27,135	59,430	-
CEDAR RIDGE @ QUARRY JUNCTION	75,978	12,006	-	QUARRY MOUNTAIN RANCH	52,461	-	-
CHATHAM CROSSING	7,236	8,004	20,514	QUINN'S JUCTION REC COMPLEX	1,628	-	-
CHRISTOPHER HOMES @ EMPIRE	-	10,005	10,005	RANCH CLUB CABINS	27,135	10,005	-
COLONY AT WHITE PINE CANYON	142,911	124,062	98,465	RANCH PLACE	23,517	10,005	8,205
COTTAGES	21,708	8,004	-	RED CLOUD	5,427	46,023	10,257
COTTONWOOD BROOK ESTATES	543	-	-	RED CLOUD GATE HOUSE	-	-	600
COURTYARDS @ QUARRY VILLAGE	47,134	48,024	-	RIDGEVIEW	14,472	-	-
COVE @ EAGLE MTN	94,836	52,026	16,008	RISNER RIDGE	-	6,003	-
COVE @ SUN PEAK	32,562	-	-	ROYAL OAKS	12,663	-	-
CRESCENT CONDOS	21,708	-	-	SANDSTONE COVE	-	10,005	-
DEER CREST	-	-	8,205	SHADOW MTN ESTATES	14,472	-	-
DEER CREST ROOSEVELT GAP	-	6,003	-	SIGNAL HILL	23,517	8,004	10,257
DEER CROSSING	59,697	20,010	18,261	SILVER CREEK BUSINESS PARK	20,623	3,002	-
DEER VALLEY CLUB ESTATES	10,854	20,010	-	SILVER CREEK COM CTR	-	2,601	-
DUTCH DRAW	18,090	-	-	SILVER GATE RANCHES	-	22,011	-
DVD CONDOMINIUMS	-	10,005	-	SILVER STAR AT PARK CITY	377,338	283,542	615
DYE COURSE CABINS	-	8,004	18,462	SILVERADO	472,837	-	-
EAGLE POINTE	65,124	18,009	8,205	SNOW CREEK CROSSING	10,040	-	-
EMPIRE VILLAGE	-	-	1,138,582	SNOWPARK	21,708	28,014	-
ESCALA	388,935	-	-	SNYDERS ADDITION	45,225	30,015	2,051
FAIRWAY HILLS ESTATES	21,708	14,007	-	SOLAMERE	21,708	-	-
FAIRWAY MEADOWS	7,236	-	-	SOUTH RIDGE	7,236	-	-
FAIRWAY SPRINGS SKI & GOLF VILLAGE	-	-	90,257	SOUTHSHORE	1,809	-	-
FROSTWOOD DAKOTA MTN LODGE	-	-	368,164	SPRING CREEK ADDITION	-	10,005	-
GENEVA ROCK PRODUCTS	-	4,802	-	SPRING CREEK COMM PLAZA	-	7,504	-
GLENWILD	61,506	62,031	69,544	STONEBRIDGE	1,809	-	-
GOLF CLUB CABINS	99,495	42,021	-	SUMMIT CENTER	-	840	1,292
HIDDEN MEADOWS	47,034	-	10,257	SUMMIT COMMUNITY MEDICAL CENTER	-	146,473	-
HIDDEN OAKS @ DEER VALLEY	63,315	4,002	-	SUMMIT PARK	75,978	70,035	40,774
HIGH MEADOWS @ PINEBROOK	10,854	10,005	-	SUNNYSIDE	-	-	8,205
HOLIDAY RANCHETTES	3,718	2,001	-	SUNRIDGE	1,809	10,005	-
INTERMOUNTAIN HCPC MEDICAL	-	-	24,001	SUNSET RIDGE	65,124	56,028	-
INTERMOUNTAIN HEALTH CARE	-	33,617	-	SWEDE/WASATCH	7,428	-	-
IRON CANYON	10,854	12,006	-	THAYNES CANYON	27,135	-	-
IRONWOOD AT DEER VALLEY	177,328	-	-	THE HOMESTEADS	37,989	16,008	-
JEREMY COVE	21,708	30,015	-	THE SPRINGS	18,090	-	-
JEREMY POINT CONDOMINIUMS	16,281	36,018	-	THE SUMMIT	-	10,005	18,462
JEREMY RANCH	39,798	37,059	-	THE WOODS OF PARLEYS LANE	-	24,817	37,538
JUNIPER LANDING	-	16,008	89,144	THOMAS DICKENS SUB	-	10,005	8,205
KNOLL @ SILVER LAKE	1,809	-	-	TIMBERLINE	10,854	10,005	12,308
LARKSPUR WESTSIDE	28,936	-	-	TIMBERWOLF ESTATES	7,236	8,004	-
LODGES @ DEER VALLEY	222,862	-	-	TOLL CREEK VILLAGE	-	15,608	-
LOOKOUT AT DEER VALLEY	133,728	167,124	-	TRAILS AT JEREMY RANCH	21,708	-	6,154
LOOKOUT RIDGE	19,899	26,013	-	TRAPPERS CABINS	83,214	105,477	4,002
MAHOGANY HILLS	-	10,005	-	TWO CREEKS RANCH	10,854	8,004	-
MARSAC PARKING STRUCTURE	-	1,501	4,802	VILLAGE @ EMPIRE PASS	237,337	227,114	-
MEADOWS ESTATES	9,045	-	14,359	VINTAGE ON THE STRAND	47,034	92,046	-
MILLSITE SUBDIVISION #1	7,236	-	-	WALTER DANIELS SUBDIVISION	7,052	-	-
MORNING STAR	9,045	-	-	WAPITI CANYON	34,371	26,013	12,308
MOUNTAIN RANCH ESTATES	28,944	-	10,257	WEST HILLS	61,506	69,075	-
MOUNTAIN RIDGE	9,045	-	-	WEST RIDGE	-	-	10,005
MOUNTAIN TOP	-	10,005	-	WEST VIEW	79,596	24,012	8,205
NAKOMA	-	46,023	22,565	WHITE PINE RANCHES	-	-	10,267
NEWPARK	278,982	-	-	WILLOW CREEK ESTATES	52,461	36,018	8,205
NEWPARK CONDOMINIUMS	-	-	4,308	WILLOW DRAW COTTAGES	-	10,005	-
NEWPARK SUBDIVISION	-	76,038	67,323	WOODSIDE	7,236	-	-
				Total Impact Fees Collected	\$ 5,235,068	\$ 3,667,579	\$ 2,629,221
						Grand Total	\$ 11,531,868

Principal Rate Payers

Year Ending December 31, 2008

(current period and period nine years prior)

Organization	Type of Service	2008		1999	
		Annual User Fee Amount	Rank	Annual User Fee Amount	Rank
American Skiing Company of Utah	Ski Resort/Condos	\$ 187,344	1	\$ -	
Deer Valley Resort	Ski Resort/Condos	133,103	2	-	
Canyon Creek Apartments	Apartments	99,723	3	85,844	1
Powderwood Homeowners Association	Condominiums	83,870	4	56,102	2
Marriott Mountainside Resort	Condominiums	71,997	5		
Stein Ericksen Lodge	Ski Lodge	71,401	6	38,572	4
Fox Point At Redstone	Condominiums	64,004	7	-	
Red Pine Chalets	Condominiums	60,822	8	-	
Marriott Summit Watch Ownership Resort	Condominiums/Retail	57,171	9	-	
Hidden Creek HOA	Condominiums	54,296	10	28,176	9
Red Pine Chalets	Condominiums	-		47,012	3
Prospector Square Owner's Association	Condos and Convention Center	-		28,284	8
Resort Center Owners Association	Condominiums	-		37,664	6
The Yarrow Hotel	Hotel	-		38,269	5
Olympia Park Hotel	Hotel	-		24,731	10
Carriage House Homeowners Association	Condominiums	-		36,545	7
		<u>\$ 883,731</u>		<u>\$ 421,199</u>	

Note: The percentage of total revenue for principal rate payers is not significant and is not shown on this schedule

Source: District Account Files

Summary of Impact Fee Revenue

1999 - 2008

Sold Residential Equivalents (RE's)

YEAR	IMPACT FEES RESIDENTIAL/CONDO			IMPACT FEES COMMERCIAL/INDUSTIRIAL		ADDITIONAL FEES COLLECTED UPON INSPECTION AND DEFERRED PAYMENTS	TOTAL RE'S SOLD	TOTAL REVENUE
	UNITS	RE's	REVENUE	RE'S	REVENUE			
1999	517	517.0	\$ 2,339,186	100.1	\$ 353,877	\$ 105,872	617.1	\$ 2,798,935
2000	340	3,548.8	1,689,272	1,636	241,865	60,882	5,185.1	1,992,019
2001	640	961.5	3,212,359	104.4	542,387	390	1,065.9	3,755,136
2002	293	441.8	2,069,241	73.3	208,884	-	515.1	2,278,125
2003	463	518.5	2,714,000	169.9	553,917	17,499	688.4	3,285,416
2004	526	643.1	3,455,284	31.3	271,816	22,335	674.4	3,749,435
2005	767	833.0	4,921,429	125.4	517,228	130,677	958.4	5,569,334
2006	953	1,008.3	5,189,275	42.0	362,761	96,489	1,050.3	5,648,525
2007	611	631.8	3,625,316	64.3	409,157	109,707	696.1	4,144,180
2008	174	240.6	1,339,766	136.0	933,675	51,178	376.6	2,324,619
	5,284	9,344.4	\$ 30,555,128	2483.0	\$ 4,395,567	\$ 595,029	11,827.4	\$ 35,545,724

User Fee and Impact Fee Rates

1999 - 2008

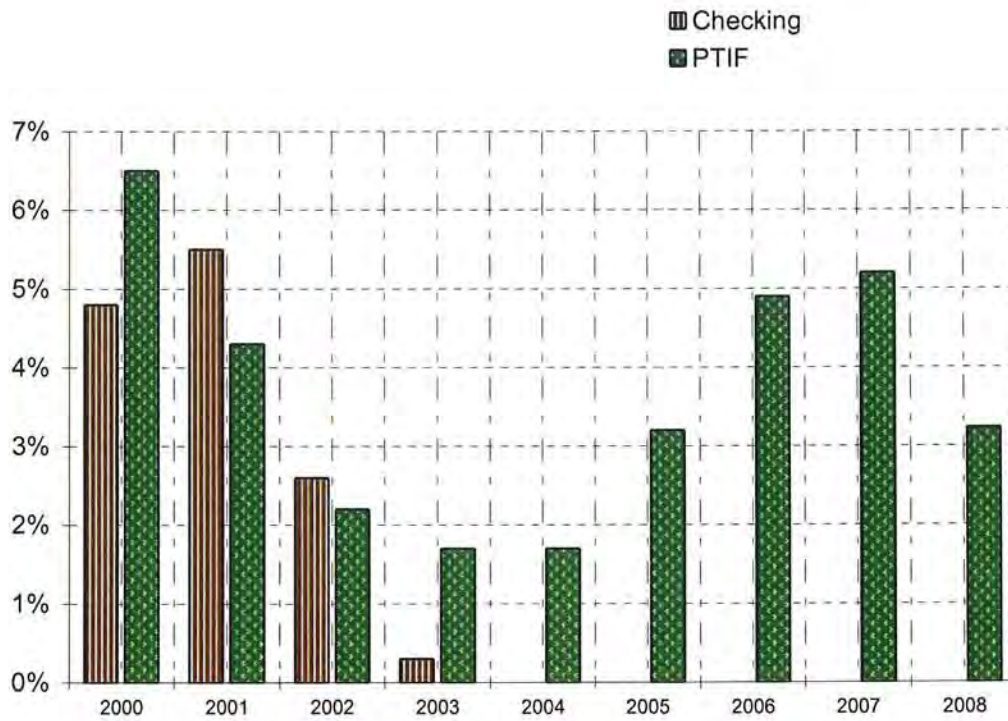
<u>Fiscal Year</u>	<u>Rate Resolution Number</u>	<u>Adoption Date</u>	<u>User Fees</u>	<u>Impact Fees</u> *	<u>Total Fee Revenue</u>
1999	75	04/27/98	\$16 per RE/unit plus \$1.25 per 1,000 gallons of winter water usage	4,500	\$ 6,679,900
2000	75	04/27/98	\$16 per RE/unit plus \$1.25 per 1,000 gallons of winter water usage	4,800	6,203,203
2001	75	04/27/98	\$16 per RE/unit plus \$1.25 per 1,000 gallons of winter water usage	4,800	8,080,321
2002	75	04/27/98	\$16 per RE/unit plus \$1.25 per 1,000 gallons of winter water usage	4,874	6,744,241
2003	84	01/01/03	\$16.70 per RE/unit plus \$1.45 per 1,000 gallons of winter water usage	5,022	8,368,875
2004	86	01/26/04	\$17.00 per RE/unit plus \$1.54 per 1,000 gallons of winter water usage	5,155	8,937,558
2005	95	02/28/05	\$17.30 per RE/unit plus \$1.63 per 1,000 gallons of winter water usage	5,289	11,084,261
2006	95	02/28/05	\$17.60 per RE/unit plus \$1.72 per 1,000 gallons of winter water usage	5,427	11,438,140
2007	104	01/01/07	\$19.13 per RE/unit plus \$1.86 per 1,000 gallons of winter water usage	6,003	10,630,092
2008	104	01/01/07	\$20.16 per RE/unit plus \$1.94 per 1,000 gallons of winter water usage	6,154	9,199,381

* Based on a three bedroom home. Increased by \$800 for each additional bedroom up to five and \$200 for each additional bedroom after five through 2001. Starting in 2002 each bedroom is charged one-third of an RE.

Schedule of Historical Interest Rates

1999 - 2008

Year	Wells Fargo Bank Average Rate	Public Treasurer's Investment Fund Average Rate
1999	4.8%	5.4%
2000	5.5%	6.5%
2001	2.6%	4.3%
2002	0.3%	2.2%
2003	-	1.7%
2004	-	1.7%
2005	-	3.2%
2006	-	4.9%
2007	-	5.2%
2008	-	3.2%



Pledged Revenue Coverage

1999-2008

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Net Revenues										
Operating Revenues	\$ 7,061,978	\$ 6,741,167	\$ 6,098,325	\$ 5,997,997	\$ 5,347,866	\$ 5,243,375	\$ 4,571,304	\$ 4,696,436	\$ 4,526,711	\$ 4,257,162
Operating Expenses*	(5,187,537)	(5,009,214)	(5,705,240)	(4,706,816)	(4,364,196)	(4,087,711)	(3,619,479)	(3,331,676)	(2,979,993)	(2,910,101)
(excluding depreciation, amortization) Renewal and replacement expenditures included in operating expenses under the modified approach to reporting infrastructure										
Impact Fees	1,350,058	124,629	1,054,226	365,202	956,193	116,759	2,278,125	3,755,136	1,992,018	2,798,935
Investment Income	2,324,619	4,145,943	5,648,525	5,569,334	3,749,435	3,285,416	2,278,125	968,219	1,077,232	920,133
	503,855	733,405	504,837	480,542	254,033	207,205	335,734			
Net Revenues, as defined in bond indenture	\$ 6,052,973	\$ 6,735,930	\$ 7,600,673	\$ 7,706,259	\$ 5,943,331	\$ 4,765,044	\$ 3,565,684	\$ 6,088,115	\$ 4,615,968	\$ 5,066,129
Net Revenues Excluding Impact Fees										
Net Revenues	6,052,973	6,735,930	7,600,673	7,706,259	5,943,331	4,765,044	3,565,684	6,088,115	4,615,968	5,066,129
Impact Fees	(2,324,619)	(4,145,943)	(5,648,525)	(5,569,334)	(3,749,435)	(3,285,416)	(2,278,125)	(3,755,136)	(1,992,018)	(2,798,935)
Net Revenues Excluding Impact Fees	\$ 3,728,354	\$ 2,589,987	\$ 1,952,148	\$ 2,136,925	\$ 2,193,896	\$ 1,479,628	\$ 1,287,559	\$ 2,332,979	\$ 2,623,950	\$ 2,267,194
Aggregate Debt Service for the upcoming fiscal year**	\$ 725,964	\$ 1,339,942	\$ 1,336,160	\$ 838,090	\$ 838,550	\$ 763,931	\$ 324,639	\$ 270,989	\$ 278,594	\$ 515,208
Ratio of Net Revenues to Aggregate Debt Service	8.34	5.03	5.69	9.20	7.09	6.24	10.98	22.47	16.57	9.83
Minimum Ratio Per 1993 Master Bond Resolution	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Ratio of Net Revenues Excluding Impact Fees to Aggregate Debt Service	5.14	1.93	1.46	2.55	2.62	1.94	3.97	8.61	9.42	4.40
Minimum Ratio	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

* Bond documents call for operating expenses excluding depreciation. Because the District uses the "Modified Approach for Infrastructure Assets," renewal and replacement expenditures have been reversed out of this calculation.

** Aggregate debt service includes only debt service on revenue bonds which are secured by revenues of the District. It does not include any general obligation bonds or other contracts which obligate the District to disburse funds.

Aggregate Debt Service consists of revenue bond payments during the current year: (not including principal paid in connection with refunding)

	Principal	Interest	Total
1994 Series Revenue Bonds	\$ 125,000	\$ -	\$ 125,000
2000 Series Revenue Bonds	431,000	25,802	456,802
2003 Series Revenue Bonds	137,000	7,162	144,162
	\$ 693,000	\$ 32,964	\$ 725,964

Schedule of Outstanding Debt

1999 - 2008

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
1978 General Obligation Bonds	\$ -	-	\$ -	-	-	-	-	-	\$ 145,000	\$ 265,000
1992 General Obligation Bonds	-	-	-	-	-	-	-	625,000	1,500,000	2,350,000
<i>Total GO Bonds</i>	0	0	0	0	0	0	0	625,000	1,645,000	2,615,000
1994 Revenue Bonds	875,000	1,000,000	1,125,000	1,250,000	1,375,000	1,500,000	1,625,000	1,750,000	1,875,000	2,000,000
1995 Revenue Bonds	-	-	-	-	-	-	935,000	1,028,000	1,117,000	1,201,000
1993 Revenue Bonds	-	-	-	-	-	-	1,995,000	1,995,000	1,995,000	5,000,000
2000 Revenue Bonds	1,300,371	1,722,371	2,136,371	2,542,371	2,940,370	3,330,371	4,190,000	4,190,000	500,000	-
2003 Revenue Bonds	257,065	983,248	1,686,433	2,034,617	2,212,801	2,389,775	-	-	-	-
<i>Total Revenue Bonds</i>	2,432,436	3,705,619	4,947,804	5,826,988	6,528,171	7,220,146	8,745,000	8,963,000	5,487,000	8,201,000
Total Outstanding Debt	\$ 2,432,436	\$ 3,705,619	\$ 4,947,804	\$ 5,826,988	\$ 6,528,171	\$ 7,220,146	\$ 8,745,000	\$ 9,588,000	\$ 7,132,000	\$ 10,816,000

Ratios of Outstanding Debt by Type

1999 - 2008

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Total</u>	<u>Percentage of Personal Income(1)</u>	<u>Per Capita (1)</u>
1999	\$ 2,615,000	\$ 8,201,000	\$ 10,816,000	0.90%	408
2000	1,645,000	5,487,000	7,132,000	0.53%	237
2001	625,000	8,963,000	9,588,000	0.67%	307
2002	-	8,745,000	8,745,000	0.61%	271
2003	-	7,220,146	7,220,146	0.47%	212
2004	-	6,528,171	6,528,171	0.39%	186
2005	-	5,826,988	5,826,988	0.30%	161
2006	-	4,947,804	4,947,804	0.24%	134
2007	-	3,705,619	3,705,619	0.16%	96
2008	-	2,432,436	2,432,436	0.10%	61

Note: Details regarding the District's outstanding debt can be found in Note F in the financial statements

(1) Personal and per capita income can be found on page 49

Demographic Statistics - Summit County

1999 - 2008

Year	Population (1)	Personal Income (thousands of dollars) (1)	Per Capita Income (1)	Median Age (2)	Park City School District Enrollment (3)	Unemployment Rate (4)
1999	26,459	\$ 1,204,913	\$ 45,539	33.07	3,818	4.7%
2000	30,048	1,336,038	44,548	33.42	3,921	3.5%
2001	31,279	1,417,656	45,806	33.33	3,959	4.6%
2002	32,236	1,421,656	44,629	33.33	3,957	6.4%
2003	34,073	1,501,343	45,750	33.33	4,059	6.0%
2004	35,090	1,653,400	48,971	33.33	4,212	5.1%
2005	36,283	1,868,600	53,762	33.33	4,353	4.0%
2006	36,871	2,019,100	57,725	33.33	4,367	2.9%
2007	38,412	2,174,400	61,180	33.33	4,443	2.5%
2008	39,951	2,348,067 *	65,250 *	33.33	4,477	3.2%

Source: (1) State of Utah Economic and Demographic Research Database
 (2) Bureau of the Census
 (3) Park City School District, Utah Office of Education
 (4) Utah Department of Workforce Services

* Estimate based on average increase over prior three years

Principal Employers

Year Ending December 31, 2008

And Nine years prior

Employer	2008		1999	
	Number of Employees	Rank	Yearly Maximum	Rank
Deer Valley Resort	1,700	1	299	1
The Canyons Resort	1,350	2	-	
Grand Summit Hotel	1,000	3	-	
Park City Mountain Resort	872	4	-	
Summit County	741	5	-	
Premier Resorts of Utah	499	6	199	3
Park City School District	482	7	-	
Stein Eriksen Lodge	425	8	200	2
Park City Municipal Corporation	350	9	-	
Marriot Summit Watch	230	10	-	
Albertsons	224	11	-	
Triumph Gear Systems	200	12	199	4
Dans Foods	-	-	199	5
Fairbanks Capital Corp	-	-	199	6
Greater Park City Co	-	-	199	7
Park City Marriott (formerly Olympia Park)	200	13	199	8
Piper Impact	-	-	199	9
Walmart	145	14	199	10
	8,418		2,091	

Source: Utah Department of Workforce Services

Note: Because the District boundaries include Park City and part of Summit County, total employment figures are not available and so the percent of total employment is not shown.

Full-time Equivalent Employee by Function as of December 31,

Function	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Administration	5	5	5	5	5	5	5	5	6	6
Engineering	8	8	8	8	8	8	8	8	7	6
Collections	10	10	9	8	11	10	9	9	8	7
East Canyon Water Reclamation Facility	9	9	8	8	11	10	8	8	8	8
Silver Creek Water Reclamation Facility	5	5	6	6	5	6	6	6	6	7
Laboratory	1	1	1	2	2	2	2	2	1	2
Solids Handling	2	2	2	2	2	2	2	2	2	2
Pretreatment	1	1	1	1	1	1	1	1	1	1
Totals	41	41	40	40	45	44	41	41	39	39

Source: District Accounting Records

Operator Certification Status

As of December 31, 2008

In accordance with Section 19-5-104 of the Utah Code Annotated, wastewater operators are to be certified. Certification rules apply to all wastewater works and sewerage systems operated by political subdivisions. This includes both wastewater collection systems and wastewater treatment systems.

TREATMENT OPERATOR

TREATMENT CERTIFICATION LEVEL

KEN BRAND, TREATMENT SUPERVISOR	GRADE IV	Also certified as Collection System Operator Grade IV R
LARRY SMITH, TREATMENT SUPERVISOR	GRADE IV	
GORDON EVANS, OPERATOR IV	GRADE IV	Also certified as Collection System Operator Grade IV
GARY HILL, OPERATOR IV	GRADE IV	
MARLO DAVIS, OPERATOR IV	GRADE IV	Also certified as Collection System Operator Grade IV R
CLIFF MEDLER, OPERATOR IV	GRADE IV	Also certified as Collection System Operator Grade II
DAVID SMILANICH, OPERATOR IV	GRADE IV	
DALE CHOULES, OPERATOR III	GRADE IV	
LAINÉ MAIR, OPERATOR II	GRADE III	
CODY SNYDER, OPERATOR II	GRADE III	Also certified as a Small System Drinking Water Operator
DUSTIN WALTON, OPERATOR II	GRADE II	
KEN ALLEAVITCH, OPERATOR I	GRADE II	
BULMARO AGUILAR, OPERATOR I	GRADE I	
RICHARD SCHROEDER, OPERATOR I	GRADE III	

COLLECTION OPERATOR

COLLECTION CERTIFICATION LEVEL

BLAINE BOYER, OPERATOR III	GRADE IV
KRAY O'BRIEN, OPERATOR III	GRADE III
SCOTT MCPHIE, OPERATOR II	GRADE IV
SCOTT COOK, OPERATOR II	GRADE IV - Restricted
ANDREW (TRAVIS) POTTER, OPERATOR II	GRADE IV
NICK BROWN, OPERATOR I	GRADE II
BARNEY FRANCE, OPERATOR I	NOT CERTIFIED
DUSTIN LEWIS, OPERATOR I	GRADE I
BLAINE BOWDEN, COLLECTION SYSTEM TECHNICIAN	GRADE II

ENGINEERING, INDUSTRIAL, PRETREATMENT

GLENN WARNER	GRADE III R	Treatment
	GRADE III	Collection System
ROBERTO MCFARLANE	GRADE IV	Also certified as Collection System Operator Grade II
	GRADE II	Collection System

SUPERVISOR CERTIFICATION STATUS

MICHAEL BOYLE, OPERATIONS MANAGER	GRADE IV	Also certified as Treatment and Collection System II
	GRADE II	Water Distribution Specialist
ROGER ROBINSON, COLLECTION SYSTEM MANAGER	GRADE IV	Collection System
	GRADE I	Treatment
NEIL JONES, TREATMENT SUPERINTENDENT	GRADE IV	Also certified as Collection System Operator Grade IV
DENNIS MCCORMICK, LAB DIRECTOR	GRADE IV	

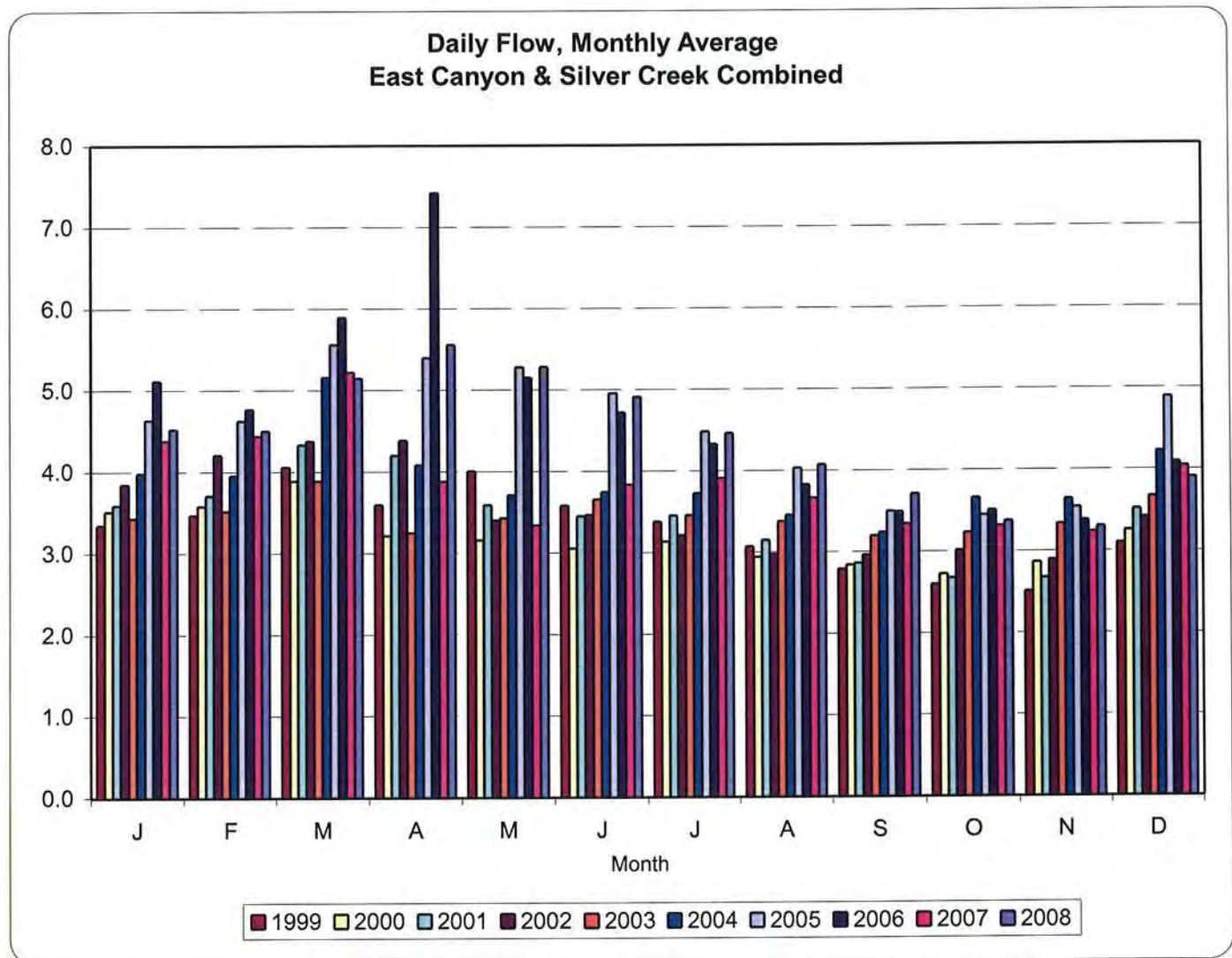
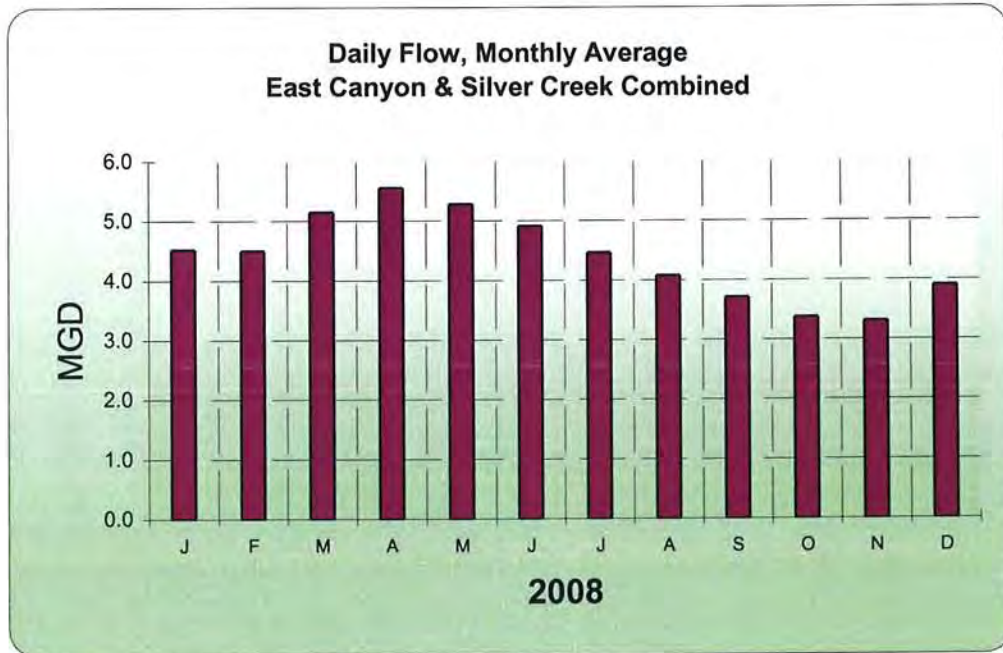
Summary of Changes in Capital Assets

1999-2008

DESCRIPTION	12/31/99		12/31/00		12/31/01		12/31/02		12/31/03		12/31/04		12/31/05		12/31/06		12/31/07		2008		Balance at Cost		
	\$		\$		\$		\$		\$		\$		\$		\$		\$		Additions	Deletions	12/31/08		
Land	717,185		717,185		717,185		717,185		717,185		717,185		717,185		717,185		717,185		\$	\$	-	-	717,185
Administration Building	1,194,626		1,198,789		1,198,789		1,198,789		1,228,679		1,228,679		1,228,679		1,228,679		1,271,712				-	-	1,271,712
Collectors Building	440,347		440,347		440,347		440,347		441,917		441,917		441,917		441,917		441,917				-	-	441,917
East Canyon Training Building	236,874		236,874		236,874		212,094		212,094		212,094		212,094		220,360		250,916				-	-	250,916
Silver Creek WRF	9,615,030		9,615,030		9,615,030		9,606,372		9,763,045		9,858,687		9,913,314		9,913,314		9,913,314				-	-	9,913,314
East Canyon WRF	13,540,948		13,540,948		13,540,948		10,571,448		27,188,526		27,345,075		27,476,404		27,476,404		27,886,252				-	-	27,886,252
Solids Handling	2,590,519		2,590,519		2,590,519		2,590,519		2,558,390		2,558,390		2,558,390		2,558,390		2,558,390				-	-	2,558,390
35 Year Improvements	262,111		262,111		262,111		7,526		7,526		2,063		2,063		2,063		2,063				-	-	2,063
20 Year Improvements	61,522		61,522		141,386		229,901		241,227		286,219		378,881		448,904		613,457				-	-	852,100
Collection System-Park City	324,360		324,360		324,360		324,360		324,360		316,254		316,254		316,254		316,254				-	-	316,254
Collection System-New	30,648,219		33,216,562		36,434,406		39,060,112		41,152,282		46,322,477		47,819,517		48,228,136		64,000,790				-	-	67,082,265
Safety Equipment	23,400		23,400		23,400		11,271		11,271		11,271		11,271		11,271		11,271				-	-	11,271
Heavy Equipment	633,885		763,955		771,213		791,145		540,170		540,170		540,170		540,170		561,427				-	-	669,852
Treatment Equipment	473,069		495,920		650,617		488,703		493,628		357,140		434,061		497,059		519,279				-	-	522,542
Laboratory Equipment	25,145		25,145		25,145		25,145		25,145		31,935		31,935		31,935		31,935				-	-	31,935
Collection Equipment	265,778		316,620		346,036		181,449		316,499		329,565		380,612		392,727		406,654				-	-	376,214
Administration Equipment	216,183		154,770		153,840		139,837		139,837		154,760		173,443		173,443		207,284				-	-	204,021
Engineering Equipment	116,189		199,220		312,295		285,173		291,273		247,049		253,878		249,552		304,886				-	-	346,109
Solids Equipment	13,127		13,127		13,127		13,127		13,127		5,344		5,344		5,344		5,345				-	-	5,345
Subtotal	61,427,420		64,192,241		67,797,628		66,894,503		85,666,181		90,966,274		92,903,678		93,956,790		110,294,924		4,136,099	971,365			113,459,657
Construction in Progress	-		904,295		7,520,341		15,359,296		-		548,193		11,867,808		14,002,429		868,231				-	-	3,548,928
Total	61,427,420		65,096,536		75,317,969		82,253,799		85,666,181		91,514,467		104,771,486		107,959,219		111,163,155		6,817,796	971,365			117,009,585

Summary of Flows and Capacity

1998 - 2008

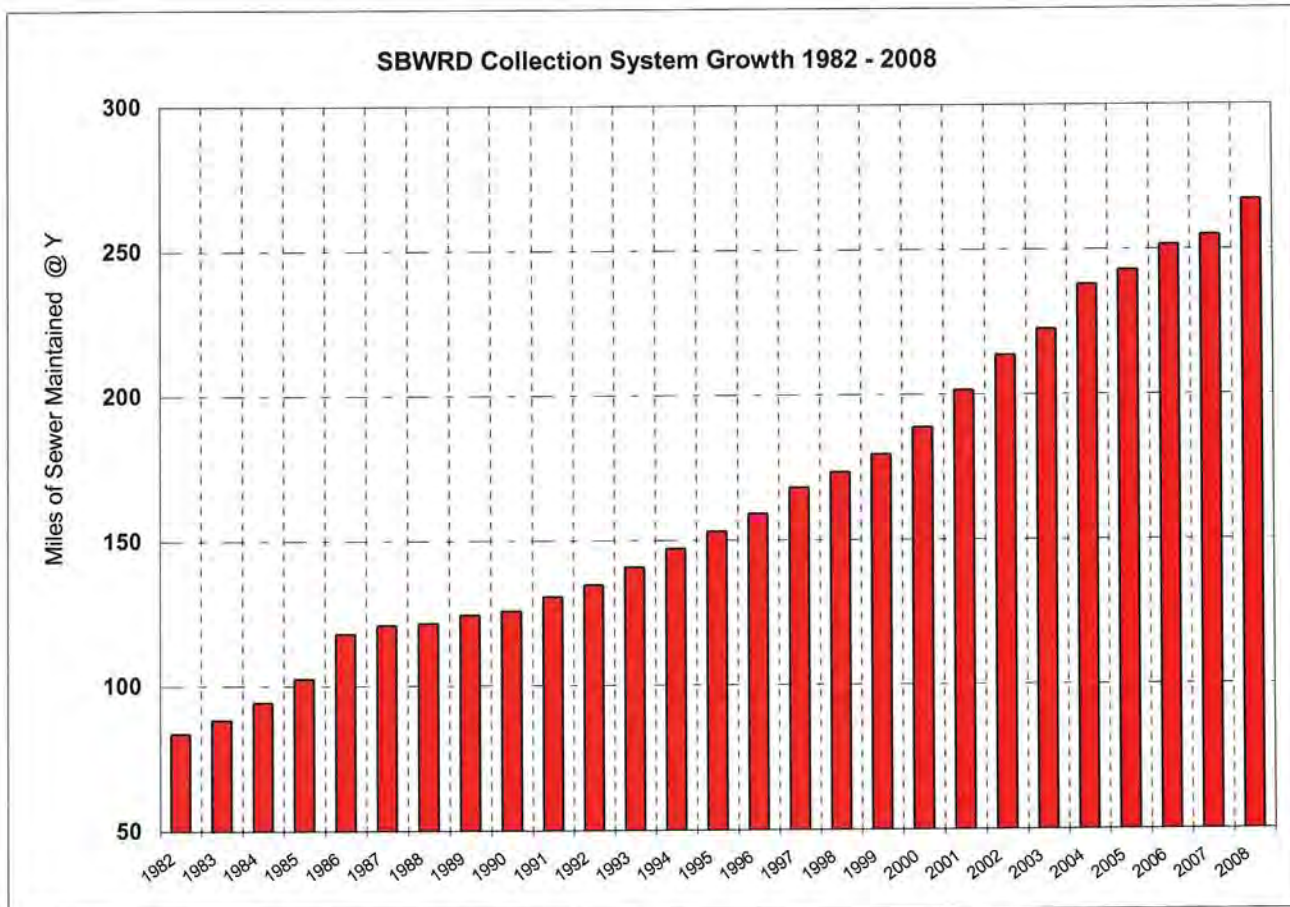


Collection System Growth

1982 - 2008

YEAR	ADDED SEWER LINE		Total miles of sewer maintained @ year end	Annual change from prior year (%)	New Manholes Added to system	Total Manholes in system @ year end	Annual Increase in Manholes (%)
	Feet	Miles					
1982	57,213	10.84	83.61	14.9%	277	1,906	17.0%
1983	24,598	4.66	88.26	5.6%	112	2,018	5.9%
1984	31,797	6.02	94.29	6.8%	150	2,168	7.4%
1985	43,298	8.20	102.49	8.7%	236	2,404	10.9%
1986	81,444	15.43	117.91	15.1%	324	2,728	13.5%
1987	16,022	3.03	120.95	2.6%	95	2,823	3.5%
1988	3,432	0.65	121.60	0.5%	20	2,843	0.7%
1989	15,159	2.87	124.47	2.4%	77	2,920	2.7%
1990	7,146	1.35	125.82	1.1%	33	2,953	1.1%
1991	25,280	4.79	130.61	3.8%	152	3,105	5.1%
1992	22,017	4.17	134.78	3.2%	93	3,198	3.0%
1993	31,715	6.01	140.78	4.5%	154	3,352	4.8%
1994	33,153	6.28	147.06	4.5%	174	3,526	5.2%
1995	31,798	6.02	153.08	4.1%	225	3,751	6.4%
1996	32,241	6.11	159.19	4.0%	197	3,948	5.3%
1997	46,891	8.88	168.07	5.6%	322	4,270	8.2%
1998	27,918	5.29	173.36	3.1%	148	4,418	3.5%
1999	32,928	6.24	179.43	3.6%	208	4,626	4.7%
2000	48,996	9.28	188.71	5.2%	227	4,853	4.9%
2001	67,789	12.80	201.50	6.8%	268	5,121	5.5%
2002	63,755	12.07	213.57	6.0%	276	5,397	5.4%
2003	47,309	8.96	222.53	4.2%	204	5,601	3.8%
2004	81,048	15.35	237.88	6.9%	292	5,893	5.0%
2005	26,242	4.97	242.85	2.1%	114	6,007	1.9%
2006	45,674	8.65	251.50	3.6%	138	6,206	2.3%
2007	18,375	0.35	254.98	1.4%	99	6,305	1.6%
2008	63,730	12.07	267.05	4.7%	259	6,564	4.1%

The above list reflects all Developer funded projects receiving Final Project Approval through date given and SBWRD projects in the same period.



Capital Asset Statistics by Function

1999 - 2008

Function	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Administration										
District Area (square miles)	102.5	102.5	102.2	102.2	102.2	102.2	102.2	102.2	88	88
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	1	1	1	1	1
Engineering										
Vehicles	4	4	4	4	4	4	4	4	4	2
Collections										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	7	7	7	7	6	6	6	5	5	5
Miles of Public Line Maintained	267.1	255.0	251.5	242.9	237.9	222.5	213.6	201.5	188.7	179.4
Number of Manholes in System	6,564	6,305	6,206	6,068	5,893	5,601	5,397	5,121	4,853	4,626
Number of Pump Stations	12	12	9	10	10	8	8	7	7	7
Treatment										
Reclamation Facilities	2	2	2	2	2	2	2	2	2	2
Vehicles	6	6	6	6	6	6	6	7	7	7
Number of industrial class IV industries	167	158	148	146	143	129	95	120	116	115
Total Combined Facility Capacity (million gallons per day)	6.0	6.0	6.0	6.0	6.0	6.0	4.8	4.8	4.8	4.8
Total Gallons Treated (in billion gallons)	1.61	1.43	1.69	1.65	1.42	1.26	1.28	1.25	1.18	1.20
Maximum Thirty Day Flow- average flow (million gallons per day)	5.88	5.25	7.76	5.82	5.35	3.90	4.89	4.50	3.90	4.09

Source: District Annual Department Reports

Operating Indicators by Function

1998 - 2007

Function	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Administration										
Number of customers	10,882	10,636	10,246	9,868	9,454	9,015	8,742	8,319	8,029	7,631
Number of new customers	246	390	378	414	439	273	423	290	398	574
New residential equivalents (RE's) sold	376.6	1,060.0	629.0	1,033.0	743.3	651.8	489.4	846.1	397.4	617.1
New residential equivalents billed	383.7	522.1	385.1	593.6	615.0	457.9	680.2	542.6	1,005.0	709.8
Average monthly residential wastewater bill	\$ 30.47	\$ 29.04	\$ 27.09	\$ 26.37	\$ 25.92	\$ 26.08	\$ 24.08	\$ 24.06	\$ 24.26	\$ 24.05
Average single family residential monthly customer winter water usage	5,131	5,200	5,435	5,682	5,785	6,160	6,744	6,433	6,861	6,728
Percent of customers rating overall service as satisfactory or better	98%	98%	98%	98%	98%	n/a	n/a	n/a	n/a	n/a
Engineering										
Number of lateral inspections	271	1,051	1,371	1,361	1,095	-	-	-	-	-
Number of new line extension agreements (by RE)	168.3	708.3	475.1	1,508.7	752.4	529.2	382.5	732.4	1,671.0	952.2
Number of new private lateral connections (by RE)	691.5	721.6	644.4	743.0	531.0	503.4	590.0	554.6	934.0	526.0
Collections										
Number of problems (public and private) reported and responded to	59	46	56	46	26	47	45	51	29	37
Miles of collection lines cleaned	34.52	30.39	48.78	55.00	78.00	70.00	86.20	56.60	47.80	42.50
Feet of collection lines TV inspected	338,166	365,800	330,303	182,476	192,745	62,700	17,086	18,692	14,961	24,697
Feet of line cleaned for grease removal	13,999	665	665	665	40,151	40,402	-	-	-	-
Feet of line root treatment	3,238	0	0	10,318	1,963	135	2,256	-	-	-
Feet of low pressure lines flow tested	13,484	16,200	15,175	-	-	-	-	-	-	-
Number of overflows due to capacity	0	0	0	0	0	0	0	0	0	0
Feet of Gravity Lines Flushed	14,232	-	-	-	-	-	-	-	-	-
Number of blockages per 100 miles of line	0.00	0.45	0	0	0.42	0.45	0.47	1.49	1.59	0.56
Treatment										
Number of facility tours	16	21	17	20	22	25	18	8	9	17
Number of permit violations	0	0	0	0	0	5	0	1	0	0
Number of pretreatment industrial inspections	167	158	148	146	143	129	95	120	116	115

Source: District Annual Department Reports

District Map

