

**MIDVALE CITY CORPORATION
RESOLUTION 2022-R-01**

**A RESOLUTION ACKNOWLEDGING COMPLETION AND RECEIPT
OF ANNUAL AUDIT.**

Whereas, pursuant to Utah Code Annotated section 10-6-157(1), "The legislative body of a city of the third, fourth, or fifth class or of a town may, by resolution or ordinance, create a director of finance position to ; and

Whereas, pursuant to section 10-6-152 of the Utah Code, within ten (10) days following receipt of the independent audit, the City is required to publish notice advising the public that the audit is complete and available for inspection; and

Whereas, the city retained Larson & Company, Certified Public Accountants, to do an independent audit of the City's accounts for fiscal year 2020-2021; and

Whereas, Larson & Company has completed the independent audit of the City's accounts for fiscal year 2020-2021; and

Whereas, Larson & Company has presented the independent audit to the Mayor and Midvale City Council; and

Whereas, the Midvale City Council wants to acknowledge receipt of the completed audit and order that notice be published pursuant to section 10-6-152 of the Utah Code.


Now therefore be it resolved, by the Midvale City Council as follows:

It hereby acknowledges that the independent audit of the City's accounts for fiscal year 2020-2021 has been completed by Larson & Company and submitted to the Midvale City Council. As required by section 10-6-152 of the Utah Code, the City Recorder is directed to publish notice, advising the public that the independent audit is complete and available for inspection.

This resolution shall become effective immediately upon passage thereof.

Passed and adopted by the City Council of Midvale City, State of Utah, this 4th day of January 2022.

ATTEST:


Rori L. Andreason, MMC
City Recorder




Marcus Stevenson, Mayor

Voting by the City Council: "Aye"

"Nay"

Quinn Sperry	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Paul Glover	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Heidi Robinson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Bryant Brown	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Dustin Gettel	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Midvale City

Salt Lake County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2021

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Midvale City
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June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
Midvale City Corporation, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Midvale City Corporation (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Midvale City, Utah, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and for the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Larson & Company
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Member of
CPAmerica
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Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary comparison information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2021, on our consideration of the City'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah

December 27, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

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MIDVALE CITY, UTAH

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Midvale City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$116,605,917 (net position). Of this amount, \$17,826,938 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position of Midvale City increased by \$8,154,895. Of this increase, \$6,805,890 (83.5 percent) is attributable to governmental activities, mainly from tax collections exceeding budgeted expectations and expenses below budgeted expectations. Business-type activities provided a \$1,349,005 increase to the City's net position, primarily due to capital projects exceeding depreciation expense during the year.
- As of the close of fiscal year 2021, the City's governmental funds reported combined ending fund balances of \$20,302,343, an increase of \$5,026,378 compared to fiscal year 2020 (32.9 percent). Most of this increase is due to the Jordan Bluffs Redevelopment Area being triggered and continued tax increment increase due to development in the Bingham Junction Project Area. Of the total fund balance, \$10,459,251 (51.5 percent) is restricted for debt service and redevelopment activities.
- At the end of fiscal year 2021, unassigned fund balance of the General Fund was \$7,363,990, or 30.9 percent of general fund revenues (excluding other financing sources). Utah state law allows any balance of unrestricted funds (assigned and unassigned fund balance) in excess of 5 percent of the total revenues to be utilized for budget purposes. The maximum fund balance allowed is 35 percent of total revenues. The City's General Fund assigned and unassigned fund balance is currently at 30.8 percent of revenues. The City's financial policies recommend a general fund unrestricted fund balance of 15 percent.
- The City's total long-term obligations decreased \$3,870,877 (5.2 percent). This is due to regularly scheduled debt service payments and a reduction in long-term net position.
- At the end of fiscal year 2021, the City recognized total net pension liabilities of \$198,173 (decrease of 85.1 percent from fiscal year 2020). Much of this decrease is due to investment earnings exceeding expectations. More information regarding the City's retirement plans can be found on page 65 and in the Required Supplementary Information beginning on page 75.

REPORT OVERVIEW

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred in-flows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, other non-financial factors should also be considered.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government; public safety; highways and public improvements; parks, recreation, and public property; redevelopment; community development; and other. The business-type activities of the City include public utilities (water, sewer, storm water, sanitation, street lighting) and telecommunications.

The government-wide financial statements can be found on pages 21-22 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the City's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year end that are available for spending. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental funds report the difference between their assets, deferred outflows of resources, liabilities, and deferred inflows of resources as fund balance, which is divided into nonspendable, restricted, committed, assigned, and unassigned portions. *Nonspendable* balances include inventories and prepaid expenditures that are not expected to be converted to cash. *Restricted* balances include net fund resources of the City that are subject to external constraints due to state or federal laws or externally imposed conditions by grantors or creditors. Restrictions include debt service reserve requirements and redevelopment agency funds. *Assigned* balances in the general fund and other governmental funds are those that do not meet the requirements of restricted or committed but are intended to be used for specific purposes. In addition, fund balances appropriated in a subsequent fiscal year are also recorded as assigned fund balance. *Unassigned* balances in the General Fund are all other available net resources. At June 30, 2021, the City's combined governmental fund balance is \$20,302,343 (\$11,163,900 in restricted, \$1,916,560 in assigned, and \$7,319,448 in unassigned fund balances). Additional detail regarding governmental fund balances can be found on the governmental funds balance sheet located on page 24 of this report.

Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets readily convertible to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine the financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities and governmental funds is detailed in a reconciliation included with the fund financial statements.

The City maintains the following four individual governmental funds:

- General
- Capital Projects
- Redevelopment Agency
- Municipal Building Authority

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, capital projects, and debt service funds, all of which are major funds.

The basic governmental fund financial statements can be found on pages 21-28 of this report.

Proprietary Funds – The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, Storm Water, Sanitation, Streetlight, and Telecommunication Funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its fleet of vehicles and information technology. Because these services predominantly benefit governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and storm water funds, which are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 31-35 of this report.

Notes to the financial statements – The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 37 of this report.

Required Supplementary Information (RSI) – This section contains required supplementary information for the City's pension program. The RSI section begins on page 75.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Midvale City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$116,605,917 as of June 30, 2021.

By far the largest portion of the City's position (73.6 percent) reflects its investments in capital assets (e.g., land, water shares, buildings and structure, machinery and equipment, improvements, construction in progress, and right of way), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments 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.

The following table summarized the City's net position:

Midvale City
Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 27,717,269	\$ 23,248,674	\$ 6,559,007	\$ 13,038,126	34,276,276	36,286,800
Capital Assets	113,457,917	113,880,187	51,458,951	45,596,017	164,916,868	159,476,204
Total Assets	141,175,186	137,128,861	58,017,958	58,634,143	199,193,144	195,763,004
Total Deferred Outflows of Resources	552,859	525,031	194,997	184,459	747,856	709,490
Current Liabilities Outstanding	5,016,628	5,158,875	2,581,843	2,954,422	7,598,471	8,113,297
Long Term Liabilities	50,557,448	52,666,538	20,372,178	22,133,965	70,929,626	74,800,503
Total Liabilities	55,574,076	57,825,413	22,954,021	25,088,387	78,528,097	82,913,800
Total Deferred Inflows of Resources	4,405,057	4,885,457	401,929	222,215	4,806,986	5,107,672
Invested in Capital Assets, Net of Related Debt	61,799,330	60,168,243	23,996,754	24,192,075	85,796,084	84,360,318
Restricted	12,982,895	7,266,811	-	-	12,982,895	7,266,811
Unrestricted	6,966,687	7,507,968	10,860,251	9,315,925	17,826,938	16,823,893
Total Net Position	\$ 81,748,912	\$ 74,943,022	\$ 34,857,005	\$ 33,508,000	\$ 116,605,917	\$ 108,451,022

An additional portion of the City's net position (11.1 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$17,826,938 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2021, the City can report positive balances in all three categories of net position for the government as a whole as well as for its separate governmental-type and business-type activities.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended June 30, 2021:

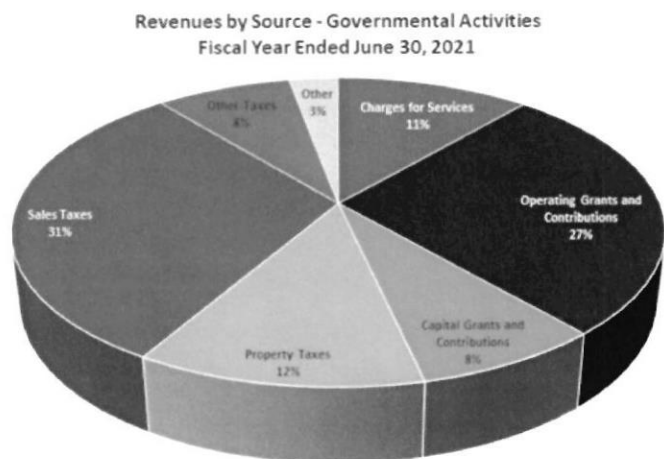
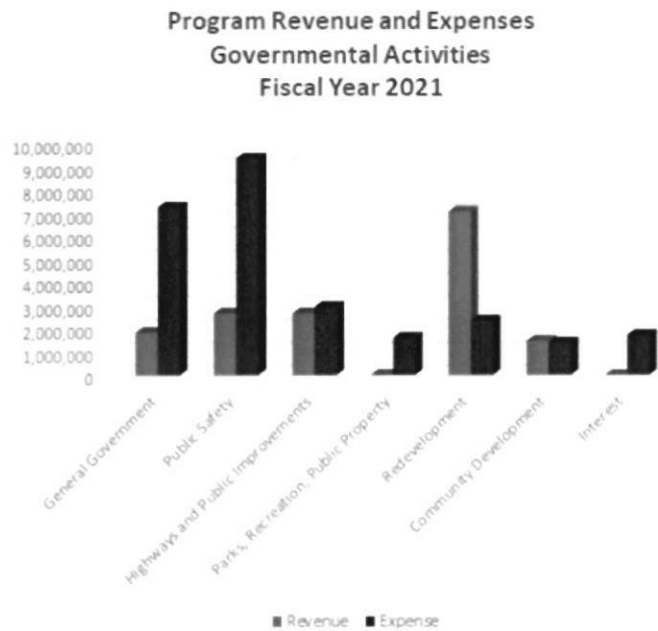
Midvale City

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	3,902,383	3,832,957	12,352,238	11,483,208	16,254,621	15,316,165
Operating Grants and Contributions	9,275,664	7,773,608	49,170	100,847	9,324,834	7,874,455
Capital Grants and Contributions	2,688,476	4,184,622	-	-	2,688,476	4,184,622
General Revenues:						
Property Taxes	4,110,411	3,449,391	-	-	4,110,411	3,449,391
Sales Taxes	10,434,898	8,967,771	-	-	10,434,898	8,967,771
Other Taxes	2,723,703	2,757,554	-	-	2,723,703	2,757,554
Other	987,156	1,523,255	67,539	127,932	1,054,695	1,651,187
Total Revenues	34,122,691	32,489,158	12,468,947	11,711,987	46,591,638	44,201,145
Expenses:						
General Government	7,298,732	9,254,255	-	-	7,298,732	9,254,255
Public Safety	9,401,425	9,002,087	-	-	9,401,425	9,002,087
Highways and Public Improvements	2,981,820	2,598,581	-	-	2,981,820	2,598,581
Parks, Recreation, and Public Property	1,634,530	1,579,727	-	-	1,634,530	1,579,727
Redevelopment	2,378,196	3,336,865	-	-	2,378,196	3,336,865
Community Development	1,424,506	1,291,148	-	-	1,424,506	1,291,148
Interest and Other Fiscal Charges	1,745,297	2,716,943	-	-	1,745,297	2,716,943
Water	-	-	5,193,597	5,262,930	5,193,597	5,262,930
Sewer	-	-	2,523,972	2,397,629	2,523,972	2,397,629
Storm Water	-	-	1,761,979	1,770,290	1,761,979	1,770,290
Sanitation	-	-	1,173,185	1,187,193	1,173,185	1,187,193
Street Lighting	-	-	398,298	364,789	398,298	364,789
Telecommunications	-	-	935,730	917,325	935,730	917,325
Total Expenses	26,864,506	29,779,606	11,986,761	11,900,156	38,851,267	41,679,762
Gain on Sale of Capital Assets	253,291	239,893	161,233	116,945	414,524	356,838
Increase (Decrease) in Net Position Before Transfers	7,511,476	2,949,445	643,419	(71,224)	8,154,895	2,878,221
Transfers	(705,586)	(815,000)	705,586	815,000	-	-
Increase (Decrease) in Net Position	6,805,890	2,134,445	1,349,005	743,776	8,154,895	2,878,221
Net Position - Beginning	74,943,022	72,808,577	33,508,000	32,764,224	108,451,022	105,572,801
Net Position - Ending	\$ 81,748,912	\$ 74,943,022	\$ 34,857,005	\$ 33,508,000	116,605,917	\$ 108,451,022

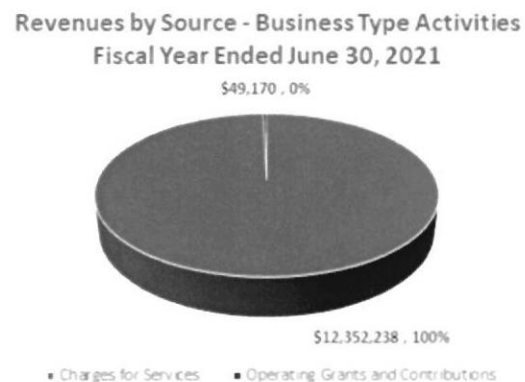
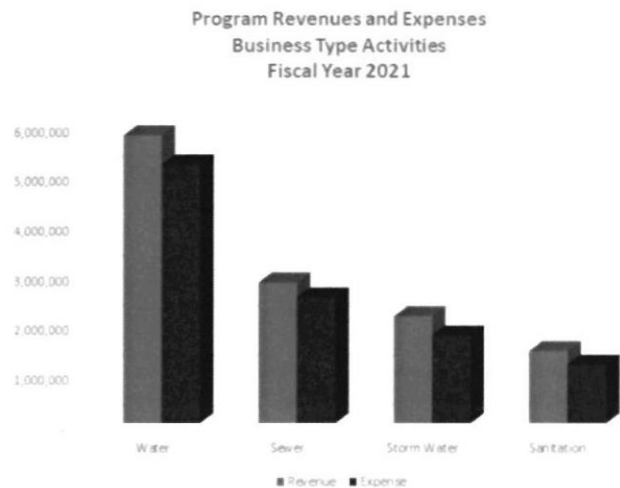
Governmental Activities – Governmental activities increased the City’s net position by \$6,805,890. Key elements affecting governmental activities net position are as follows:

- General fund revenues posted \$1,054,564 over expectations during fiscal year 2021. This is due mainly to sales taxes and the CARES Act grant that was awarded by the Federal Government in response to the COVID-19 pandemic. In addition, expenditures were also under expectations by \$1,290,932. This was due to every department working diligently to maintain a slim budget during times of uncertainty and each one of them succeeding.
- The Redevelopment Agency’s redevelopment expenses were \$2.56 million under budget. These unspent funds will be expended in future years for redevelopment.
- During fiscal year 2021, the City’s governmental funds completed \$3,348,465 of capital projects which includes \$1,218,894 of projects that began in prior years. Projects totaling \$20,046 were in progress at year end. The most significant projects completed during the year include \$1,554,737 for the remodeling of the Community Center and \$748,138 for the repaving of the Community Center parking lot.



Business Type Activities – Business-type activities increased the City’s net position by \$1,349,005, which represents an increase of \$605,229 over the previous year’s change. Key elements of the change in business-type net position are as follows:

- During fiscal year 2021, the City’s business-type activities completed \$2,659,602 in capital projects which includes \$2,070,839 of projects that began in prior years, and \$59,034 of projects were in progress at year end. Notable completed projects include \$1,925,965 for Jordan Valley Water Conservation District pipeline projects and \$274,678 in the Union Jordan retail area.
- The street lighting fund posted a change in net position of \$27,101. This is mainly due to lower than anticipated maintenance costs.
- The sanitation fund experienced an increase in net position of \$271,478, mainly due to its investment in the Trans Jordan Landfill.
- The water fund contributed \$482,966 to the increase in net position. The majority of this increase is due to user charges exceeding budgeted expectations due to an increase in customers and a decrease in interest expense due to a bond refinance.
- The sewer fund contributed \$296,608 to the increase in net position due to user charges exceeding budgeted expectations and an increase in customers.



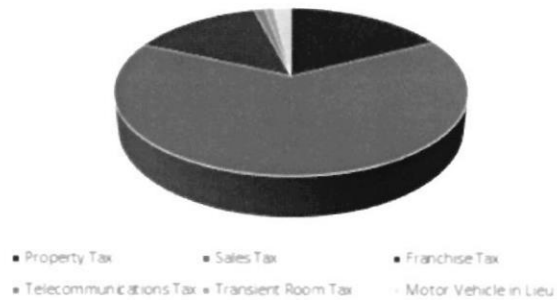
FINANCIAL HIGHLIGHTS

Governmental Funds - The focus of the City’s governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, assigned and unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

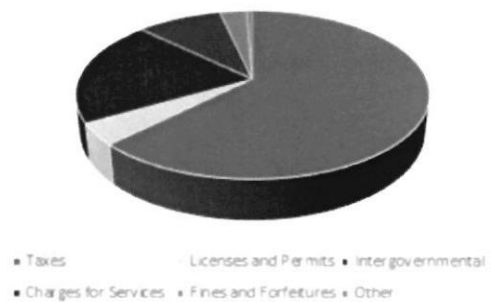
As of June 30, 2021, The City’s governmental funds (General, Capital Projects, RDA, and Municipal Building Authority) reported combined fund balances of \$20,302,343. This represents an increase of \$5,026,378 from last year’s ending balances. \$7,319,448 (36.1 percent) of the total fund balance constitutes *unassigned fund balance* and is therefore available for spending at the City’s discretion. *Assigned fund balance* totals \$1,916,560 (9.4 percent), meaning the City intends to use this amount for specific purposes (capital projects and the municipal building authority). Fund balance of \$11,066,335 (54.5 percent) is *restricted* to indicate it is not available for new spending because it has already been committed to pay for debt service and redevelopment.

General Fund

Fiscal Year 2021 General Fund
Tax Revenue by Type

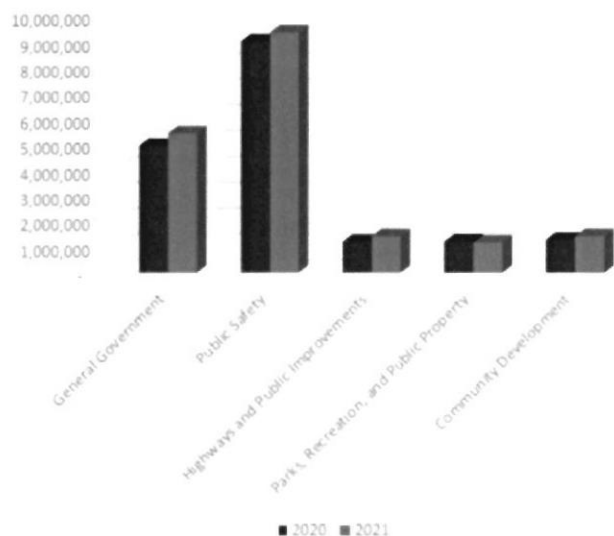


Fiscal Year 2021 General Fund
Revenue by Source



The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenditures are accounted for in this fund. Revenues exceeded expenditures (including other financing sources and uses) in the General Fund by \$2,896,613 during the year. Taxes continue to be the largest source of revenue in the General Fund and represent 62.6 percent of total General Fund revenues. The largest component of tax revenue is sales tax, which represents 64.3 percent of total tax revenues and 40.2 percent of total General Fund revenues. This compares with 36.9 percent of total general fund revenues in the prior fiscal year ended June 30, 2020.

General Fund Expenditures by Function
Fiscal Year 2020 and 2021



General fund expenditures increased during fiscal year 2021, going from \$18,790,969 in 2020 to \$19,508,814 in 2021. These expenses were primarily offset by increased sales taxes. Public Safety costs increased by \$338,090 (3.8 percent), largely due to an increase to the City's Unified Police Department (UPD) member assessment. Other changes of note was the reinstatement of a fleet replacement charge to each department. The City also provided a personnel merit increase and market adjustments to qualifying employees. Of note, Highway and Public Improvement expenditures increased largely due to the hiring of a Deputy Public Works Director.

Other Governmental Funds

Highlights from the City's other governmental funds show indicators of a growing city and strong local economy. During fiscal year 2021, property tax collections from redevelopment areas increased 10.4 percent to a total of \$8,630,549 during the same period. This increase is due to an increase in taxable values. RDA fund balance increased \$2,566,273 to a total of \$10,459,251 (32.5 percent increase). The remaining fund balance will be used to support the City's redevelopment project areas.

Fund balance in the capital projects fund decreased \$438,404 during the fiscal year to an ending fund balance of \$1,860,248. This is mainly due to completion of projects started in the prior fiscal year. Ending fund balance of \$100,000 has been appropriated in fiscal year 2022 for the City's technology initiatives.

Fund balance in the Municipal Building Fund increased \$1,896 during the fiscal year to an ending balance of \$663,256. This is mainly due to interest revenue exceeding budgeted expectations. The Municipal Building Authority fund is used to collect lease revenue and make debt service payments on the City's 2012 Lease Revenue Bonds. The MBA Bonds have a debt service reserve of \$606,944 constituting the majority of fund balance.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. In summary, unrestricted net position increased from \$1,936,817 to \$2,005,704 in the Water Fund; increased from \$4,632,895 to \$5,262,171 in the Sewer Fund; and increased from \$906,325 to \$1,564,701 in the Storm Water Fund.

Water Fund unrestricted net position increased \$68,887, this is mainly due to the Union Jordan area meter swaps and related inventory.

The net position increase in the Sewer Fund is largely due to an increase in the City's investment in the South Valley Water Reclamation Facility (SVWRF). Finally, the net position increase in the storm water fund is largely due to revenues exceeding budgeted expectations. This is mainly due to an increase in equivalent residential units (ERU's) billed. The City is also building reserves for future capital projects.

The City's nonmajor proprietary funds (street lighting, sanitation, and telecommunications) increased unrestricted net position from \$1,839,888 in fiscal year 2020 to \$2,027,675 in fiscal year 2021 (a \$187,787 increase). The Street Lighting fund realized a \$27,101 increase in net position, largely due to maintenance costs being under budgeted expectations. The Sanitation Fund saw a \$271,478 net position increase, largely due to a gain on the City's equity investment in Trans Jordan Landfill. Finally, the Telecommunications Fund saw a \$108,992 net position decrease, mainly due to a planned reduction in net position.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, General Fund budgeted expenditures were amended from an original budget total of \$19,660,432 to a final budget total of \$20,799,746 (5.8 percent difference). All departments monitor their budgets closely and are required to stay within their allotment. Budget adjustments made during the year can be summarized as follows:

- The City restored the Fleet Capital Charge to ensure that departments are paying for the replacement cost of their vehicles. This had an overall impact of \$392,968 on expenditures.
- The City made changes to personnel and salaries throughout the year that had a fiscal impact on the expenditures.

General fund budgeted revenues were amended from \$20,345,047 to \$22,726,650 (an increase of \$2,381,603, or 11.7 percent). Highlights of this increase include:

- The City amended budgeted revenues based on recalculations that included actual data received March-October 2020, resulting in an increase of \$329,026.
- The City received a second allocation of \$993,657 from Salt Lake City as a CARES Act grant that was awarded in response to the COVID-19 pandemic.

During the year, actual revenues were greater than budgeted revenues by \$1,054,564. Actual expenditures were less than budgeted expenditures by \$1,290,932. The largest amount, \$233,153, is due to park maintenance costs coming in lower than expected and facility building improvements not completed at year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – Midvale City's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$158,210,528 (net of accumulated depreciation). This investment in capital assets includes land, water stock & rights, buildings, improvements, infrastructure, machinery & equipment, and construction in progress. The total decrease in the City's investment in capital assets for the current year was 0.7 percent (a 0.4 percent decrease for governmental activities and a 1.5 percent decrease for business-type activities).

Midvale City Capital Assets, Net of Depreciation June 30, 2021

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 65,065,740	\$ 64,819,933	\$ 115,062	\$ 115,062	\$ 65,180,802	\$ 64,934,995
Water Stock & Rights	-	-	3,081,299	3,081,299	3,081,299	3,081,299
Buildings	21,814,344	20,802,217	3,331,970	3,424,393	25,146,314	24,226,610
Improvements	3,561,001	3,500,036	38,041,307	36,606,893	41,602,308	40,106,929
Infrastructure	20,346,073	20,958,799	-	-	20,346,073	20,958,799
Machinery & Equipment	2,500,583	2,430,178	274,069	297,531	2,774,652	2,727,709
Construction in Progress	20,046	1,218,894	59,034	2,070,839	79,080	3,289,733
TOTAL:	\$ 113,307,787	\$ 113,730,057	\$ 44,902,741	\$ 45,596,017	\$ 158,210,528	\$ 159,326,074

Major capital asset events during fiscal year 2021 include the following:

- \$1,925,965 for Jordan Valley Water Conservancy District pipeline project.
- \$274,678 for water meters for Union Jordan retail area.
- \$242,627 for water meters.
- \$181,429 in sewer improvements.
- \$153,704 in automobiles and trucks.
- \$1,554,737 for the remodel of the Community Center.
- \$245,807 for the purchase of Land (668 West Center Steet).
- \$209,286 for sidewalk, curb & gutter improvements.

Additional information on the City's capital assets can be found on page 54-56 of this report.

Long-term debt - As of June 30, 2021, the City had total long-term bonded debt outstanding of \$72,237,800 (excluding bond premiums and discounts). The entirety of this amount is represented by bonds secured solely by specific revenue sources. The City has no general obligation bonds outstanding.

Midvale City
Outstanding Long-Term Bonded Debt
June 30, 2021

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Lease Revenue Bonds	\$ 6,165,000	\$ 6,655,000	\$ -	\$ -	6,165,000	6,655,000
Tax Revenue Bonds	41,188,000	43,638,000	-	-	41,188,000	43,638,000
Water, Sewer, Storm Water Revenue Bonds	-	-	24,884,800	22,308,000	24,884,800	22,308,000
TOTAL:	\$ 47,353,000	\$ 50,293,000	\$ 24,884,800	\$ 22,308,000	\$ 72,237,800	\$ 72,601,000

The City's total bonded debt outstanding decreased by \$363,200 during the fiscal year (0.5 percent). This decrease is due to regular debt service payments. The City issued a pass-through Parking Structure Loan to a developer that will be paid in full by the developer.

The City currently has no General Obligation debt. The most recent bond ratings issued for Midvale City include:

- Series 2010B Water and Sewer Revenue Bonds, with a Fitch rating of "AA-" (rating outlook: positive).
- Series 2016 and 2018 Water, Sewer, and Storm Water Revenue Bonds, a Fitch rating of "AA-" (rating outlook: positive).
- Series 2018 RDA Tax Increment and Sales Tax Revenue Bonds, a Fitch rating of "AA" (rating outlook: stable).
- Series 2017 Sales Tax Revenue Bonds a Fitch rating of "AA" (rating outlook: stable).
- 2012 MBA Lease Revenue Bonds a Fitch rating of "AA-" (rating outlook: stable).
- Standalone Credit Profile (SCP) of "aa-" (Fitch ratings).
- Issuer Default Rating (IDR) of "AA" (Fitch ratings).

State statutes limit the amount of General Obligation debt a governmental entity may issue to 12 percent of the “reasonable fair cash value” of property within the City. Of this percent, a maximum of 4 percent may be used for general purposes. The current limitation for the City is \$183,804,981 which is significantly in excess of the City’s outstanding General Obligation debt (the City has no General Obligation debt outstanding). The remaining 8 percent and any unused portion of the 4 percent available for general purposes, up to the maximum of 12 percent, may be utilized for water, sewer, and electrical projects. The current limitation for all debt, including that used for water, sewer and electrical projects is thus \$551,414,943, which again significantly exceeds the outstanding city-wide debt.

Additional information on the City’s long term-debt can be found on pages 60– 65 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

- The 2021 unemployment rate for the Midvale City was 3.2 percent. This compares with a national unemployment rate of 5.9 percent. The 2020 unemployment rate for the Midvale City was 7.4 percent. (Source: Bureau of Labor Statistics.)
- General Fund budgeted revenues for the fiscal year ending June 30, 2022 (\$20,566,648) reflect a decrease of 9.5 percent over the final budgeted revenues for the fiscal year ended June 30, 2021 (\$22,726,650). The majority of this decrease is due to expected shortfalls in sales tax, franchise tax, and intergovernmental revenues (including one-time grant funds and Class C Road funds). General Fund expenditures in fiscal year 2022 are budgeted \$971,172 higher than fiscal year 2021. This increase is due to reinstated capital projects that had previously been deferred due to the COVID-19 pandemic.
- A 5-year water and sewer rate increase model was passed by the City Council to fund necessary capital needs of the water and sewer funds.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of Midvale City’s finances for all those with an interest in the City’s finances. ~~Questions concerning any information provided in this report or requests for~~ additional financial information should be addressed to: Midvale City, Finance Department, 7505 S Holden St, Midvale City, UT 84047 or call (801) 567-7200, or e-mail mhill@midvale.com.

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BASIC FINANCIAL STATEMENTS

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Midvale City
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents, and investments:			
Unrestricted	\$ 18,856,524	\$ 4,139,962	\$ 22,996,486
Restricted	1,818,995	739,980	2,558,975
Receivables (net of allowance for uncollectibles):			
Accounts and taxes	5,707,555	1,334,254	7,041,809
Contracts	-	132,355	132,355
Court fines	253,235	-	253,235
Due from other governments	1,019,857	-	1,019,857
Allowance for doubtful accounts	-	(6,000)	(6,000)
Inventory	-	115,151	115,151
Prepays and deposits	61,103	103,305	164,408
Intangible assets	-	6,474,951	6,474,951
Note receivable	-	81,259	81,259
Land held for resale	150,130	-	150,130
Capital assets not being depreciated:			
Water stock	-	3,081,299	3,081,299
Land	65,065,740	115,062	65,180,802
Construction in progress	20,046	59,034	79,080
Capital assets, net of accumulated depreciation:			
Buildings	21,814,344	3,331,970	25,146,314
Improvements other than buildings	3,561,001	38,041,307	41,602,308
Equipment	2,500,583	274,069	2,774,652
Infrastructure	20,346,073	-	20,346,073
Total assets	141,175,186	58,017,958	199,193,144
Deferred outflows of resources:			
Deferred outflows related to pensions	552,859	194,997	747,856
Total deferred outflows of resources	\$ 552,859	\$ 194,997	\$ 747,856
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,020,001	\$ 643,908	\$ 1,663,909
Accrued liabilities	223,086	69,464	292,550
Accrued interest payable	318,216	165,753	483,969
Compensated absences	216,845	98,718	315,563
Bonds and notes payable	3,238,480	1,604,000	4,842,480
Noncurrent liabilities:			
Bonds and notes payable	49,884,046	20,167,704	70,051,750
Compensated absences	210,178	94,532	304,710
Net pension liability	143,746	54,427	198,173
Deposits held	319,478	55,515	374,993
Total liabilities	55,574,076	22,954,021	78,528,097
Deferred inflows of resources:			
Deferred revenue property taxes	3,266,289	-	3,266,289
Deferred revenue RDA	100,000	-	100,000
Deferred inflows related to pensions, net	1,038,768	401,929	1,440,697
Total deferred inflows of resources	4,405,057	401,929	4,806,986
NET POSITION			
Net investment in capital assets	61,799,330	23,996,754	85,796,084
Restricted for:			
Capital projects and redevelopment	12,982,895	-	12,982,895
Unrestricted	6,966,687	10,860,251	17,826,938
Total net position	\$ 81,748,912	\$ 34,857,005	\$ 116,605,917

The accompanying notes are an integral part of this financial statement.

Midvale City
Statement of Activities
June 30, 2021

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
General government	7,298,732	1,693,736	172,636	-	(5,432,360)		(5,432,360)
Public safety	9,401,425	701,178	1,987,471	-	(6,712,776)		(6,712,776)
Highways and public improvements	2,981,820	-	-	2,688,476	(293,344)		(293,344)
Parks, recreation and public property	1,634,530	20,340	-	-	(1,614,190)		(1,614,190)
Redevelopment	2,378,196	-	7,115,557	-	4,737,361		4,737,361
Community development	1,424,506	1,487,129	-	-	62,623		62,623
Interest and other fiscal charges	1,745,297	-	-	-	(1,745,297)		(1,745,297)
Total governmental activities	26,864,506	3,902,383	9,275,664	2,688,476	(10,997,983)		(10,997,983)
Business-type activities							
Water	5,193,597	5,700,724	49,170	-		556,297	556,297
Sewer	2,523,972	2,810,880	-	-		286,908	286,908
Storm water	1,761,979	2,134,157	-	-		372,178	372,178
Sanitation	1,173,185	1,283,140	-	-		109,955	109,955
Telecommunications	935,730	21,259	-	-		(914,471)	(914,471)
Street lighting	398,298	402,078	-	-		3,780	3,780
Total business-type activities	11,986,761	12,352,238	49,170	-		414,647	414,647
General Revenues:							
Taxes							
Property taxes					4,110,411	-	4,110,411
Sales taxes					10,434,898	-	10,434,898
Telecommunications and franchise taxes					2,723,703	-	2,723,703
Gain on sale of assets/equity investment income					253,291	161,233	414,524
Interest income					178,236	67,539	245,775
Miscellaneous					808,920	-	808,920
Transfers - net					(705,586)	705,586	-
Total general revenue and transfers					17,803,873	934,358	18,738,231
Change in net position					6,805,890	1,349,005	8,154,895
Net position - beginning					74,943,022	33,508,000	108,451,022
Net position - ending					81,748,912	34,857,005	116,605,917

The accompanying notes are an integral part of this financial statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Midvale City
Balance Sheet - Governmental Funds
June 30, 2021

	Special Revenue				
	General	Capital Projects	Redevelopment Agency	Municipal Building Authority	Total Governmental Funds
ASSETS					
Cash, cash equivalents, and investments					
Unrestricted	4,733,863	2,265,144	9,399,525	56,332	\$ 16,454,864
Restricted	140	-	1,211,911	606,944	1,818,995
Receivables, net:					
Accounts and other	5,340	-	101,500	-	106,840
Taxes	4,817,239	169,296	614,180	-	5,600,715
Court fines	253,235	-	-	-	253,235
Intergovernmental	1,019,857	-	-	-	1,019,857
Deposits	60,565	-	297	-	60,862
Land held for resale	-	-	150,130	-	150,130
Total assets	10,890,239	2,434,440	11,477,543	663,276	25,465,498
LIABILITIES					
Accounts payable	140,550	571,317	293,539	20	1,005,426
Deposits held	316,603	2,875	-	-	319,478
Accrued liabilities	207,779	-	10,573	-	218,352
Total liabilities	664,932	574,192	304,112	20	1,543,256
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	2,652,109	-	614,180	-	3,266,289
Unavailable revenue - fines, fees, and other	253,610	-	100,000	-	353,610
Total deferred inflows of resources	2,905,719	-	714,180	-	3,619,899
FUND BALANCES					
Restricted for:					
Special revenue funds	-	-	9,247,340	-	9,247,340
Debt service	140	-	1,211,911	606,944	1,818,995
Total restricted	140	-	10,459,251	606,944	11,066,335
Assigned to:					
Special revenue funds	-	-	-	56,312	56,312
Capital projects funds	-	1,860,248	-	-	1,860,248
Total assigned	-	1,860,248	-	56,312	1,916,560
Unassigned	7,319,448	-	-	-	7,319,448
Total fund balances	7,319,588	1,860,248	10,459,251	663,256	20,302,343
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,890,239	\$ 2,434,440	\$ 11,477,543	\$ 663,276	\$ 25,465,498

The accompanying notes are an integral part of this financial statement.

Midvale City
 Reconciliation of the Governmental Funds Balance Sheet
 To the Statement of Net Position
 June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balances - Total Governmental Funds	\$ 20,302,343
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The cost of the assets is \$140,721,193 less the accumulated depreciation of \$34,280,355.	111,497,393
Interest on general obligation and lease revenue bonds is not accrued in governmental funds but rather is recognized as an expenditure when due.	(318,216)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(53,534,802)
Pension liabilities and assets are not due and payable in the current period and, therefore, are not reported in the funds.	(612,494)
Other assets are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds.	253,610
Internal service funds are used by management to charge the costs of fleet maintenance and computer equipment to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	4,161,078
Net Position - Governmental Activities	\$ 81,748,912

The accompanying notes are an integral part of this financial statement.

Midvale City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2021

	Special Revenue				
	General	Capital Projects	Redevelopment Agency	Municipal Building Authority	Total Governmental Funds
REVENUES					
Taxes	\$ 14,887,228	\$ 866,793	\$ 1,514,992	\$ -	\$ 17,269,013
Licenses and permits	986,962	-	-	-	986,962
Intergovernmental	4,848,583	-	7,115,557	-	11,964,140
Charges for service	2,214,242	-	-	-	2,214,242
Fines and forfeitures	701,178	-	-	-	701,178
Interest income	38,815	20,514	113,999	4,908	178,236
Miscellaneous	104,206	-	29,400	675,314	808,920
Total revenues	23,781,214	887,307	8,773,948	680,222	34,122,691
EXPENDITURES					
Current:					
General government	5,405,077	-	-	-	5,405,077
Public safety	9,306,093	-	-	-	9,306,093
Highways and public improvements	1,421,044	-	360,794	-	1,781,838
Parks, recreation, and public property	1,175,194	-	-	-	1,175,194
Redevelopment	-	-	2,378,196	-	2,378,196
Community development	1,424,506	-	-	-	1,424,506
Total current expenditures	18,731,914	-	2,738,990	-	21,470,904
Capital outlay:					
Capital outlay	-	3,686,491	-	2,520	3,689,011
Debt service:					
Principal	490,000	-	1,960,000	490,000	2,940,000
Interest	286,900	-	1,514,685	185,806	1,987,391
Total debt service	776,900	-	3,474,685	675,806	4,927,391
Total expenditures	19,508,814	3,686,491	6,213,675	678,326	30,087,306
Excess (deficiency) of revenues over (under) expenditures	4,272,400	(2,799,184)	2,560,273	1,896	4,035,385
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets	700	-	-	-	700
Proceeds from debt	-	2,163,893	-	-	2,163,893
Transfers in	-	196,887	6,000	-	202,887
Transfers out	(1,376,487)	-	-	-	(1,376,487)
Total other financing sources (uses)	(1,375,787)	2,360,780	6,000	-	990,993
Net change in fund balance	2,896,613	(438,404)	2,566,273	1,896	5,026,378
Fund balances at beginning of year	4,422,975	2,298,652	7,892,978	661,360	15,275,965
Fund balances at end of year	\$ 7,319,588	\$ 1,860,248	\$ 10,459,251	\$ 663,256	\$ 20,302,343

The accompanying notes are an integral part of this financial statement.

Midvale City

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities June 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	<u>\$ 5,026,378</u>
--	---------------------

Governmental funds report capital outlays as expenditures and do not report capital contributions, as they are not financial assets. However, in the statement of activities the cost of capital outlays is allocated over their estimated useful lives and reported as depreciation expense, and capital contributions are reported as assets and revenue. This is the amount by which capital outlays exceeded depreciation in the current period.

(474,510)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-

1,015,429

Some revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in

419,957

The net revenue of certain activities of the Internal Service Fund is reported with governmental activities.

818,636

Change in net position of governmental activities

\$ 6,805,890

The accompanying notes are an integral part of this financial statement.

Midvale City
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 12,902,706	\$ 14,018,238	\$ 14,887,228	\$ 868,990
Licenses and permits	972,609	1,010,364	986,962	(23,402)
Intergovernmental	2,648,514	4,730,973	4,848,583	117,610
Charges for services	2,201,436	2,201,256	2,214,242	12,986
Fines and forfeitures	958,000	643,403	701,178	57,775
Interest income	10,000	-	38,815	38,815
Miscellaneous	651,782	122,416	104,206	(18,210)
Total revenues	20,345,047	22,726,650	23,781,214	1,054,564
EXPENDITURES				
General government:				
City council	395,774	410,756	399,420	11,336
Court	850,224	872,273	705,851	166,422
General administration	1,057,186	1,138,770	1,050,429	88,341
Information technology	689,755	773,506	686,146	87,360
Finance	418,376	427,348	394,616	32,732
Recorder	305,019	311,728	295,284	16,444
City attorney	672,719	784,608	693,054	91,554
Non-departmental	658,809	708,254	652,171	56,083
Community and intergovernmental serv	235,845	605,978	490,059	115,919
Employee services	334,700	69,700	38,048	31,652
Public safety:				
Police	9,344,480	9,350,600	9,306,093	44,507
Highways and public improvements	1,184,536	1,545,209	1,421,043	124,166
Parks, recreation and public property	1,237,104	1,408,347	1,175,194	233,153
Community development	1,499,005	1,615,751	1,424,506	191,245
Debt service:				
Principal	490,000	490,000	490,000	-
Interest	286,900	286,918	286,900	18
Total expenditures	19,660,432	20,799,746	19,508,814	1,290,932
Excess (deficiency) of revenues over (under) expenditures	684,615	1,926,904	4,272,400	2,345,496
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	5,000	5,000	700	(4,300)
Transfers out	(960,115)	(1,931,904)	(1,376,487)	555,417
Net change in fund balance	\$ (270,500)	\$ -	2,896,613	\$ 2,896,613
Fund balance at beginning of year			4,422,975	
Fund balance at end of year			\$ 7,319,588	

The accompanying notes are an integral part of this financial statement.

Midvale City
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Redevelopment Agency
June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 7,430,000	\$ 8,630,548	\$ 1,514,992	\$ (7,115,556)
Intergovernmental	-	-	7,115,557	7,115,557
Interest income	170,100	71,110	113,999	42,889
Miscellaneous	-	29,200	29,400	200
Total revenues	7,600,100	8,730,858	8,773,948	43,090
EXPENDITURES				
Redevelopment	2,379,300	969,804	1,383,340	(413,536)
Administration	1,478,637	1,277,891	994,856	283,035
Highways and public improvements	300,000	358,168	360,794	(2,626)
Debt service				
Principal	1,960,000	2,039,000	1,960,000	79,000
Interest	1,514,685	1,439,715	1,514,685	(74,970)
Total expenditures	7,632,622	6,084,578	6,213,675	(129,097)
Excess (deficiency) of revenues over (under) expenditures	(32,522)	2,646,280	2,560,273	(86,007)
OTHER FINANCING SOURCES				
Transfers in	1,758,537	1,854,177	6,000	(1,848,177)
Transfers out	(1,726,015)	(4,500,547)	-	4,500,547
Total other financing sources (uses)	32,522	(2,646,370)	6,000	2,652,370
Net change in fund balance	\$ -	\$ (90)	2,566,273	\$ 2,566,363
Fund balance at beginning of year			7,892,978	
Fund balance at end of year			\$ 10,459,251	

The accompanying notes are an integral part of this financial statement.

Midvale City
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Municipal Building Authority
June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Lease and other revenue	\$ 668,806	\$ 675,306	\$ 675,314	\$ 8
Interest income	7,600	3,100	4,908	1,808
Total revenues	676,406	678,406	680,222	1,816
<u>EXPENDITURES</u>				
Capital outlay	600	2,600	2,520	80
Debt service				
Principal	490,000	490,000	490,000	-
Interest	185,806	185,806	185,806	-
Total expenditures	676,406	678,406	678,326	80
Excess (deficiency) of revenues over (under) expenditures	-	-	1,896	1,896
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,896	<u>\$ 1,896</u>
Fund balance at beginning of year			661,360	
Fund balance at end of year			\$ 663,256	

The accompanying notes are an integral part of this financial statement.

PROPRIETARY FUND FINANCIAL STATEMENTS

Midvale City
Statement of Net Position - Proprietary Funds
June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Water	Sewer	Storm Water	Other Proprietary Funds	Total	
ASSETS						
Current assets:						
Cash, cash equivalents, and investments						
Unrestricted	\$ 1,976,423	\$ 385,429	1,563,048	\$ 215,062	\$ 4,139,962	\$ 2,401,660
Restricted (bond)	318,742	419,946	1,292	-	739,980	-
Receivables:						
Accounts, net	719,199	269,375	181,524	164,156	1,334,254	-
Contracts	-	-	-	15,600	15,600	-
Allowance for doubtful accounts	-	-	(6,000)	-	(6,000)	-
Inventory	115,151	-	-	-	115,151	-
Deposits	89,048	13,428	792	37	103,305	241
Total current assets	3,218,563	1,088,178	1,740,656	394,855	6,442,252	2,401,901
Noncurrent assets:						
Contracts receivable	-	-	-	116,755	116,755	-
Intangible asset - South Valley						
Water Reclamation	-	4,816,285	-	-	4,816,285	-
Investment in Trans-Jordan						
Cities Landfill	-	-	-	1,658,666	1,658,666	-
Notes receivable, less allowance for doubtful accounts	-	-	-	81,259	81,259	-
Capital assets:						
Land	115,062	-	-	-	115,062	-
Water stock	3,081,299	-	-	-	3,081,299	-
Construction in progress	59,034	-	-	-	59,034	-
Buildings, net	1,661,174	-	1,670,796	-	3,331,970	-
Improvements, net	29,080,808	4,104,353	4,856,146	-	38,041,307	-
Automobiles, net	-	-	-	-	-	863,363
Machinery and equipment, net	56,352	214,896	2,821	-	274,069	947,031
Total noncurrent assets	34,053,729	9,135,534	6,529,763	1,856,680	51,575,706	1,810,394
Total assets	\$ 37,272,292	\$ 10,223,712	8,270,419	\$ 2,251,535	\$ 58,017,958	\$ 4,212,295
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	\$ 74,735	\$ 33,107	80,679	\$ 6,476	\$ 194,997	\$ 9,833
Total deferred outflows of resources	\$ 74,735	\$ 33,107	80,679	\$ 6,476	\$ 194,997	\$ 9,833

The accompanying notes are an integral part of this financial statement.

Midvale City
Statement of Net Position - Proprietary Funds (Continued)
June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental
	Water	Sewer	Storm Water	Other Proprietary Funds	Total	Activities Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 479,218	\$ 60,742	12,448	\$ 91,500	\$ 643,908	\$ 14,575
Accrued liabilities	30,385	16,863	19,470	2,746	69,464	4,734
Compensated absences	42,349	24,368	30,570	1,431	98,718	7,534
Accrued interest payable	120,029	34,485	11,239	-	165,753	-
Bonds payable	1,052,420	208,000	343,580	-	1,604,000	-
Total current liabilities	1,724,401	344,458	417,307	95,677	2,581,843	26,843
Noncurrent liabilities:						
Due to other funds	-	-	-	-	-	-
Compensated absences	40,535	21,206	31,694	1,097	94,532	7,213
Deposits held	55,515	-	-	-	55,515	-
Notes payable	-	-	-	125,737	125,737	-
Bonds payable	12,935,030	3,402,800	3,008,170	-	19,346,000	-
Unamortized bond premium	522,330	173,637	-	-	695,967	-
Net pension liability	23,087	13,366	17,069	905	54,427	3,074
Total noncurrent liabilities	13,576,497	3,611,009	3,056,933	127,739	20,372,178	10,287
Total liabilities	15,300,898	3,955,467	3,474,240	223,416	22,954,021	37,130
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	177,734	84,423	132,852	6,920	401,929	23,920
Total deferred inflows of resources	177,734	84,423	132,852	6,920	401,929	23,920
NET POSITION						
Net investment in capital assets	19,862,691	954,758	3,179,305	-	23,996,754	1,810,394
Unrestricted	2,005,704	5,262,171	1,564,701	2,027,675	10,860,251	2,350,684
Total net position	\$ 21,868,395	\$ 6,216,929	4,744,006	\$ 2,027,675	\$ 34,857,005	\$ 4,161,078

The accompanying notes are an integral part of this financial statement.

Midvale City
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Water	Sewer	Storm Water	Other Proprietary Funds	Total	
<u>OPERATING REVENUES</u>						
Charges for services	\$ 5,535,192	\$ 2,792,422	\$ 2,041,234	\$ 1,706,477	\$ 12,075,325	\$ 1,100,563
Connection fees	42,320	2,900	-	-	45,220	-
Other	123,212	15,558	92,923	-	231,693	-
Total operating revenues	5,700,724	2,810,880	2,134,157	1,706,477	12,352,238	1,100,563
<u>OPERATING EXPENSES</u>						
Salaries and wages	680,308	393,862	502,973	26,665	1,603,808	109,706
Employee benefits	382,022	203,585	242,212	7,098	834,917	64,327
Administration	709,714	473,309	562,587	349,331	2,094,941	112,836
Supplies	3,467	-	-	-	3,467	219,185
Repairs and maintenance	335,400	89,809	150,031	-	575,240	92,030
Waste disposal	-	-	-	1,067,413	1,067,413	-
Purchase/treatment:						
Water	1,611,370	-	-	-	1,611,370	-
Sewer	-	1,098,705	-	-	1,098,705	-
Street lighting	-	-	-	120,976	120,976	-
Telecommunications	-	-	-	935,730	935,730	-
Depreciation	995,659	132,789	212,623	-	1,341,071	423,290
Total operating expenses	4,717,940	2,392,059	91,553	2,507,213	11,287,638	1,021,374
Operating income (loss)	982,784	418,821	463,731	(800,736)	1,064,600	79,189
<u>NONOPERATING REVENUES (EXPENSES)</u>						
Interest income	26,669	9,700	9,466	21,704	67,539	18,842
Interest expense	(435,365)	(131,913)	(91,553)	-	(658,831)	-
Gain on equity investment	-	-	-	161,233	161,233	-
Proceeds from debt issuance	49,170	-	-	-	49,170	-
Gain on disposal of equipment	-	-	-	-	-	252,591
Bond issuance costs	(40,292)	-	-	-	(40,292)	-
Total nonoperating revenues (expenses)	(399,818)	(122,213)	(82,087)	182,937	(421,181)	271,433
Income before transfers	582,966	296,608	381,644	(617,799)	643,419	350,622
Transfers in	-	-	-	805,586	805,586	468,014
Transfers out	(100,000)	-	-	-	(100,000)	-
Change in net position	482,966	296,608	381,644	187,787	1,349,005	818,636
Total net position - beginning	21,385,429	6,263,901	4,018,782	1,839,888	33,508,000	3,342,442
Total net position - ending	\$ 21,868,395	\$ 6,560,509	\$ 4,400,426	\$ 2,027,675	\$ 34,857,005	\$ 4,161,078

The accompanying notes are an integral part of this financial statement.

Midvale City
Statement of Cash Flows - Proprietary Funds
June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental
	Water	Sewer	Storm Water	Other Proprietary Funds	Total	Activities Internal Service Funds
Cash flows from operating activities						
Receipts from customers	\$ 5,786,234	\$ 2,789,654	\$ 2,135,381	\$ 1,699,744	\$ 12,411,013	\$ 1,100,322
Payments to suppliers	(2,470,647)	(1,348,710)	(273,336)	(2,490,050)	(6,582,743)	(301,722)
Payments for interfund services	(559,189)	(327,801)	(437,291)	-	(1,324,281)	(112,836)
Payments to employees	(1,067,184)	(598,657)	(810,639)	(40,477)	(2,516,957)	(174,951)
Net cash provided (used) by operating activities	1,689,214	514,486	614,115	(830,783)	1,987,032	510,813
Cash flows from noncapital financing activities						
Decrease in contracts receivable	-	-	-	28,190	28,190	-
Decrease in notes receivable	-	-	-	107,407	107,407	-
Transfers (to) from other funds	(100,000)	(343,580)	343,580	805,586	705,586	468,014
Net cash provided (used) by noncapital financing activities	(100,000)	(343,580)	343,580	941,183	841,183	468,014
Cash flows from capital and related financing activities						
Purchase of capital assets	(500,683)	(147,113)	-	-	(647,796)	(445,537)
Investment in joint ventures	-	(820,677)	-	-	(820,677)	252,591
Principal paid on capital debt	(922,869)	(213,597)	(278,250)	(27,693)	(1,442,409)	-
Interest and fees paid on capital debt	(493,008)	(132,454)	(103,692)	-	(729,154)	-
Bond issuance cost	(40,292)	-	-	-	(40,292)	-
Intergovernmental bond interest subsid	49,170	-	-	-	49,170	-
Net cash provided (used) by capital and related financing activities	(1,907,682)	(1,313,841)	(381,942)	(27,693)	(3,631,158)	(192,946)
Cash flows from investing activities						
Interest received	26,669	9,700	9,466	21,704	67,539	18,842
Net cash provided by investing activities	26,669	9,700	9,466	21,704	67,539	18,842
Net increase (decrease) in cash and cash equivalents	(291,799)	(1,133,235)	585,219	104,411	(735,404)	804,723
Cash and cash equivalents, beginning of year	2,586,964	1,938,610	979,121	110,651	5,615,346	1,596,937
Cash and cash equivalents, end of year	\$ 2,295,165	\$ 805,375	\$ 1,564,340	\$ 215,062	\$ 4,879,942	\$ 2,401,660
Unrestricted cash	1,976,423	385,429	1,563,048	215,062	4,139,962	2,401,660
Restricted cash	318,742	419,946	1,292	-	739,980	-
	\$ 2,295,165	\$ 805,375	\$ 1,564,340	\$ 215,062	\$ 4,879,942	\$ 2,401,660

The accompanying notes are an integral part of this financial statement.

Midvale City
Statement of Cash Flows - Proprietary Funds (Continued)
June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Water	Sewer	Storm Water	Other Proprietary Funds	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 982,784	\$ 418,821	\$ 463,731	\$ (800,736)	\$ 1,064,600	\$ 79,189
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	995,659	132,789	212,623	-	1,341,071	423,290
Changes in assets and liabilities:						
Accounts receivable	85,510	(7,798)	1,224	(9,371)	69,565	-
Inventory	(21,400)	-	-	-	(21,400)	-
Deposits	(1,048)	(13,428)	(792)	(37)	(15,305)	(241)
Contracts receivable	-	-	-	960	960	-
Accounts payable	(349,990)	(13,647)	1,991	(16,563)	(378,209)	9,493
Accrued liabilities	(2,301)	(2,251)	(64,662)	(5,036)	(74,250)	(918)
Net cash provided (used) by operating activities	\$ 1,689,214	\$ 514,486	\$ 614,115	\$ (830,783)	\$ 1,987,032	\$ 510,813

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

Midvale City
Notes to the Financial Statements
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of Midvale City Corporation ("the City") have been prepared in conformity with accounting principles (GAAP) generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Midvale City Corporation was incorporated in 1909. The City operates under a Mayor/Council form of government. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). The component units discussed below are included as part of the City's reporting entity as blended component units

Component Units

The Midvale City Redevelopment Agency (RDA) was established to prepare and carry out plans to improve, rehabilitate, and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The Midvale City Municipal Building Authority (MBA) was established to finance and construct municipal buildings that are then leased to the City. The MBA is governed by a five-member board of trustees composed of the City Council. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the MBA. The MBA is included in these financial statements as the Municipal Building Authority Special Revenue Fund. Separate financial statements are not issued for the MBA.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) Charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Governmental funds do not report donated capital assets received unless the sale of those assets is imminent. The assets are reported in the government-wide financial statements.

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Justice Court fines assessed prior to year-end and collected within 60 days are recognized as revenues in the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by enterprise or internal service funds).

The *Redevelopment Agency Special Revenue Fund* is used to account for financial resources legally restricted to be used for the revitalization of blighted areas within the City. The primary revenue source for the Redevelopment Agency is tax increment revenues from Midvale City and other participating taxing entities. Tax increment financing is a tool used to promote economic development by earmarking property tax revenue from increases in assessed values within a designated project area.

The *Municipal Building Authority Special Revenue Fund* is used to account for financial resources legally restricted to be used for the design and construction of capital assets for the benefit of the City. The primary revenue source for the Municipal Building Authority is lease revenue from the users of those assets. Midvale City is the major tenant as the lessee of City Hall and the Justice Court.

The City reports the following major proprietary funds:

The *Water Fund* and *Sewer Fund* accounts for the activities of the City's water distribution system and sewer operations. The activities of the water and sewer operations are reported separately in this financial report.

The *Storm Water Utility Fund* accounts for the activities of the City's storm water operations.

Additionally, the City reports the following fund types:

Internal Service Funds account for services provided to other departments or agencies of the government on a cost reimbursement basis. Midvale City operates two Internal Service Funds; Fleet Management and Information Technology Services.

The *Street Lighting Fund* (proprietary fund) accounts for the activities of the City's street lighting services. The *Telecommunications Fund* (proprietary fund) accounts for the activities of the City's UTOPIA operations. The *Sanitation Fund* (proprietary fund) accounts for the activities of the City's sanitation collection operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Midvale City
Notes to the Financial Statements
June 30, 2021

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash, Cash Equivalents, and Investments

Cash and cash equivalents are generally considered short term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement, and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds".

Other receivables at June 30, 2021 consist of property tax, franchise tax, sales tax, grants, fines, and accounts (billings for user charged services, including unbilled utility services). Taxes, grants and fines are deemed collectible in full. The allowance for doubtful proprietary account receivables at June 30, 2021 is \$8,000.

Inventory

Inventory represents mainly supplies and parts used for various water fund projects. Inventories of governmental funds are recorded as expenditures when consumed rather than purchased (consumption method). Inventory is valued using the first-in/first-out (FIFO) method at cost in governmental funds, and otherwise at the lower of cost or market.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Midvale City
Notes to the Financial Statements
June 30, 2021

Capital Assets

Capital assets, which include land, buildings, infrastructure and equipment, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at estimated acquisition value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 to 50 years
Infrastructure	10 to 40 years
Improvements other than buildings	20 to 30 years
Machinery and equipment	5 to 30 years

Compensated Absences

For governmental funds amounts of vested or accumulated vacation leave and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave and comp time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay amounts are charged to expenditures when incurred. At the end of the first full pay period in January, 50% of accrued sick leave in excess of 480 hours will be contributed to the employee's retirement health savings plan. After this contribution, employees may convert 25 percent of remaining accrued sick leave in excess of 240 hours to vacation leave. Employees may carry a maximum of 240 hours of vacation leave forward to the next calendar year; the balance of unused vacation leave is forfeited. Unused vacation leave and comp time is paid to the employee upon termination. For governmental funds, any compensated absence liability has typically been liquidated by the General Fund.

Midvale City
Notes to the Financial Statements
June 30, 2021

Deferred Inflows and Outflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and is therefore deferred until that time.

Governmental funds report revenue that is unavailable as deferred inflows of resources. Governmental funds report unavailable revenue from property taxes, federal grants, court fines, and code enforcement liens. These amounts are deferred and recognized as revenue in the period that the amounts become available.

Deferred outflows of resources represent a consumption of net position that applies to a future period and is therefore deferred until that time. Deferred outflows and inflows relating to pensions were the only deferred outflows and inflows of resources recorded at June 30, 2021.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, and discounts are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and bond premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

Governmental fund balance is reported in five separate categories: Nonspendable, restricted, committed, assigned, and unassigned. When both restricted and unrestricted fund balance is available for use, it is the City's policy to use restricted fund balance first. When expenditures qualify for more than one unrestricted fund balance classification, it is the City's policy to use resources in the following order: Committed, assigned, and then unassigned.

Nonspendable fund balance cannot be spent because it is not in spendable form. An example of nonspendable fund balance is inventory. Restricted fund balance has restrictions imposed by parties outside of the primary government. Committed fund balance represents funds restricted for a specific use by resolution of the Midvale City Council. Assigned fund balance is earmarked for certain purposes without formal resolution of the City Council and remaining positive fund balances for other governmental funds. There is currently no body or official authorized by the City to assign fund balance. This category also includes fund balance appropriated in the subsequent year's budget through City Council resolution. Finally, any remaining fund balance is unassigned and available for unrestricted use.

Midvale City
Notes to the Financial Statements
June 30, 2021

Restricted Assets

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Investments are reported at fair value.

Taxes

In Utah, county governments assess, levy, collect, and disburse two principal types of tax: 1) Personal property tax, which is assessed on business assets other than real estate, and 2) tax on real estate and improvements. Business personal property and real estate taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on all business personal property on January 1st, and real estate and improvement taxes are levied on January 1st and are payable by November 30th. The real property taxes that are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by a deferred inflow.

The City Council is authorized by state statute to levy a tax against all real and personal property located within its boundaries. The Council must set a tax rate by June 22nd each year. The County Treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a regular basis.

Midvale City
Notes to the Financial Statements
June 30, 2021

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 155,000,413
Accumulated depreciation	<u>(43,503,019)</u>
Total difference	<u>\$ 111,497,393</u>

Long-term debt transactions:

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net position. Balances at June 30,2021 were:

Lease revenue bonds	\$ 30,095,000
Tax revenue bonds	17,258,000
Note payable	2,163,893
Bond issuance premiums	3,605,633
Compensated absences	<u>412,276</u>
Total difference	<u>\$ 53,534,802</u>

Midvale City
Notes to the Financial Statements
June 30, 2021

Explanation of Certain Differences between Governmental Fund Operating Statements and the Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follow:

Capital outlay	\$ 1,919,894
Depreciation expense	<u>(2,394,404)</u>
Net difference, as reported	<u>\$ (474,510)</u>

Midvale City
Notes to the Financial Statements
June 30, 2021

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

On or before the first regularly scheduled Council meeting in May, the City Manager (as the Budget Officer) submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the proposed sources of revenues.

Between May 1 and June 30, the City Council reviews and adjusts the proposed budget. On or before June 30, a public hearing is held and the budget is legally adopted through passage of a resolution. If a property tax increase is anticipated, adoption of the budget is delayed until August in order to comply with the state's truth-in-taxation requirements.

After the budget is adopted, the City Manager may transfer any unencumbered or unexpended appropriation amount from one expenditure account to another within a department. The City Council may, by resolution, transfer any unencumbered or unexpended appropriation amount from one department in a fund to another department within the same fund.

When the City Council determines that an emergency exists, such as widespread damage from fire, flood, or earthquake, the Mayor's declaration of an emergency allows for necessary spending for immediate needs.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds. In the General Fund, budgets are adopted at the functional level and budgetary control is exercised at the departmental level.

In special Revenue Funds, budgets are adopted, and control is exercised at the level of total expenditures for each individual fund. For Capital Projects Funds, budgets are adopted, and control is exercised at the project level.

Annual budgets for the General Fund, all Special Revenue Funds, and all Capital Projects Funds were legally adopted by the City and are prepared on the modified accrual basis of accounting.

Encumbrances (commitments related to unperformed purchase orders or contracts for goods or services) are used only as an internal management control device during the year. The City does not have any encumbrances outstanding at year end since appropriations lapse at year end. However, encumbered amounts are generally re-appropriated and honored as part of the following year's budget.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus such budgets for governmental funds.

4. DETAILED NOTES FOR ALL FUNDS

Deposits

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City does not have a formal deposit policy for bank deposit custodial credit risk. The City's policy for managing custodial credit risk is to adhere to the Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council. At times during the year, the City's bank balances may have exceeded the insured levels under FDIC guidelines. As of June 30, 2021, \$1,875,005 of the City's bank balances of \$2,125,005 were uninsured and uncollateralized.

Investments

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

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

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

Statutes authorize the City to invest in negotiable or 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; 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), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed-rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

Midvale City
Notes to the Financial Statements
June 30, 2021

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by Generally Accepted Accounting Principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the City can access. Since valuations are based on quoted prices that are readily and regularly available in an active market, the valuation of these securities does not entail any significant degree of judgement. Securities classified as Level 1 inputs include U.S. Government securities and other U.S. Agency and sovereign government obligations.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include corporate and municipal bonds, and "brokered" or securitized certificates of deposit.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

On June 30, 2021, the City had the following recurring fair value measurements:

Security Type	Level 1	Level 2	Level 3	Other	Total
PTIF	\$ -	\$ 16,265,589	\$ -	\$ -	\$ 16,265,588.92
CP		249,489.59			249,489.59
CD	-	2,018,227.16	-	-	2,018,227.16
Corporate	-	2,124,153.50	-	-	2,124,153.50
US Treasury	78,066.33				78,066.33
Currency	0.27	-	-	-	0.27
Money Market Funds	530,311	-	-	-	530,311.12
International Sweep	1,365,364	-	-	-	1,365,363.62
	<u>\$ 1,973,741.34</u>	<u>\$ 20,657,459.17</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,631,200.51</u>

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities.

Midvale City
Notes to the Financial Statements
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For securities that generally have market prices from multiple sources, it can be challenging to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a “consensus price” or a weighted average price for each security. The City receives market prices for these securities from a variety of industry-standard data providers (e.g., Bloomberg), security master files from large financial institutions, and other third-party sources. Through the help of an investment advisor, the City uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value. For U.S. Treasuries, Money Markets, and U.S. Agencies, the City uses quoted prices for identical securities in markets that are active.

Debt securities classified in Level 2 are valued using the following approaches:

- Corporate and Municipal Bonds and Commercial Paper: Quoted prices for similar securities in active markets.
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: Matrix pricing based on the securities’ relationship to benchmark quoted prices.
- Bond Mutual Funds: Published fair value per share (unit) for each fund.
- Utah Public Treasurers’ Investment Fund: Application of the June 30, 2021, fair value factor, as calculated by the Utah State Treasurer, to the City’s average daily balance in the fund.
- Donated Real Estate: recent appraisals of the real estate’s value.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Money Management Act. Section 51-7-11 of the Money Management 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 certificates of deposits, and fixed-rate corporate obligations to 270 days-15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury, obligations issued by U.S. government-sponsored enterprises, and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate corporate note securities may not have a remaining term to final maturity exceeding three years.

Midvale City
Notes to the Financial Statements
June 30, 2021

As of June 30, 2021, the City's investments had the following maturities:

Investment Type	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
PTIF	\$ 16,265,588.9	\$ 16,265,589	\$ -	\$ -	\$ -
CP	249,489.59	249,490	-	-	-
CD	2,018,227.16	240,670	1,777,557	-	-
Corporate	2,124,153.50	1,000,729	1,123,424	-	-
US Treasury	78,066.33	-	78,066	-	-
Currency	0.27	0.27	-	-	-
Money Market Funds	530,311.12	530,311	-	-	-
International Sweep	1,365,363.62	1,365,364	-	-	-
	\$ 22,631,201	\$ 19,652,152	\$ 2,979,048	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the Money Management Act, as previously discussed.

At June 30, 2021, the City's investments had the following quality ratings:

Investment Type	S&P Rating					
	Fair Value	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	Unrated
PTIF	\$ 16,265,589	\$ -	\$ -	\$ -	\$ -	\$ 16,265,589
CP	249,490	-	-	249,490	-	-
CD	2,018,227	-	719,921	495,980	591,697	210,629
Corporate	2,124,153	-	599,237	1,373,934	-	150,983
US Treasury	78,066	78,066	-	-	-	-
Currency	0.27	-	-	-	-	0.27
Money Market Funds	530,311	23,250	-	-	-	507,062
International Sweep	1,365,364	-	-	-	-	1,365,364
	\$ 22,631,201	\$ 101,316	\$ 1,319,158	\$ 2,119,404	\$ 591,697	\$ 18,499,626

Concentration of Credit Risk

The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10 percent, depending upon the total dollar amount held in the portfolio.

On June 30, 2021, the City does not hold more than 5 percent of total investments in any single security concentration other than U.S. Government Treasuries and Agencies.

Midvale City
Notes to the Financial Statements
June 30, 2021

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Midvale City does have a formal policy for custodial credit risk. All investments, other than bank deposits or funds invested in the Public Treasurer's Investment Fund, are to be held by a third party with securities delivered on delivery versus purchase basis. As of June 30, 2021, Midvale City safe-kept all investments with custodian counterparty Wells Fargo Bank, NA, and all investments which was/were held by the counterparty's trust department or agent are registered in the City's name.

Receivables

Receivables as of June 30, 2021, for the City's individual major funds and non-major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds

	General	Capital Projects	RDA	MBA	Total
Receivables:					
Taxes	\$ 4,817,239	\$ 169,296	\$ 614,180	\$ -	\$ 5,600,715
Accounts and other	5,340	-	101,500	-	106,840
Court fines	253,235	-	-	-	253,235
Intergovernmental	1,019,857	-	-	-	1,019,857
Gross receivables	6,095,671	169,296	715,680	-	6,980,648
Less: allowance for uncollectibles	-	-	-	-	-
Net total receivables	\$ 6,095,671	\$ 169,296	\$ 715,680	\$ -	\$ 6,980,648

Business-type Funds

	Water	Sewer	Storm Water	Nonmajor Funds	Total
Receivables:					
Accounts	\$ 719,199	\$ 269,375	\$ 181,524	\$ 166,157	\$ 1,336,255
Contracts				15,600	15,600
Gross receivables	719,199	269,375	181,524	181,757	1,351,855
Less: allowance for uncollectibles	-	-	(6,000)	(2,000)	(8,000)
Net total receivables	\$ 719,199	\$ 269,375	\$ 175,524	\$ 179,757	\$ 1,343,855

Midvale City
Notes to the Financial Statements
June 30, 2021

Land Held for Resale

Land acquired by the Redevelopment Agency (a special revenue fund) and held for resale is accounted for as land held for resale. The cost of land held for resale is held as inventory until the land is sold. Land transferred from infrastructure assets of the City is recorded at a nominal amount for accountability purposes. When the Redevelopment Agency sells land, the proceeds are recorded as revenue at an amount greater than or less than the carrying amount, the resulting gain/loss is accounted for as another financing source/use. Revenue on sale of land held for resale is recognized when measurable and available.

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the government funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	2,652,109	-
Property taxes receivable (RDA Fund)	614,180	-
Court fines receivable (General Fund)	252,694	-
Loans receivable (RDA Fund)	100,000	-
Code enforcement liens receivable (General Fund)	916	-
Total deferred/unearned revenue for governmental funds	<u>\$ 3,619,899</u>	<u>\$ -</u>

Midvale City
Notes to the Financial Statements
June 30, 2021

Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	07/01/20	Increases	Decreases	06/30/21
<u>Governmental activities</u>				
Capital assets, not depreciated:				
Land	\$ 64,819,933	\$ 245,807	\$ -	\$ 65,065,740
Construction in progress	1,218,894	20,046	(1,218,894)	20,046
 Total capital assets, not depreciated	 66,038,827	 265,853	 (1,218,894)	 65,085,786
 Capital assets, depreciated:				
Buildings	25,511,599	1,554,737	-	27,066,336
Improvements other than buildings	4,220,252	210,924	-	4,431,176
Infrastructure	55,449,058	957,424	-	56,406,482
Machinery and equipment	5,418,507	625,380	(112,559)	5,931,328
 Total capital assets, depreciated	 90,599,417	 3,348,465	 (112,559)	 93,835,323
 Accumulated depreciation:				
Buildings	(4,709,382)	(542,610)	-	(5,251,992)
Improvements other than buildings	(720,216)	(149,959)	-	(870,175)
Infrastructure	(34,490,259)	(1,570,150)	-	(36,060,409)
Machinery and equipment	(2,988,329)	(554,975)	112,559	(3,430,745)
 Total accumulated depreciation	 (42,908,186)	 (2,817,694)	 112,559	 (45,613,321)
 Total capital assets, depreciated (net)	 47,691,230	 530,771	 -	 48,222,002
 Net governmental capital assets	 \$ 113,730,057	 \$ 796,624	 \$ (1,218,894)	 \$ 113,307,788

Midvale City
Notes to the Financial Statements
June 30, 2021

Capital asset activity for the year ended June 30, 2021 was as follows (continued):

	07/01/20	Increases	Decreases	06/30/21
<u>Business-type activities</u>				
Capital assets, not depreciated:				
Water stock and rights	\$ 3,081,299	\$ -	\$ -	\$ 3,081,299
Land	115,062	-	-	115,062
Construction in progress	2,070,839	59,034	(2,070,839)	59,034
Total capital assets, not depreciated	5,267,200	59,034	(2,070,839)	3,255,395
Capital assets, depreciated:				
Buildings	4,174,626	-	-	4,174,626
Improvements other than buildings				
Water	38,456,537	2,466,818	-	40,923,356
Sewer	5,037,556	181,429	-	5,218,985
Infrastructure	7,010,064	-	-	7,010,064
Machinery and equipment	454,377	11,354	-	465,732
Total capital assets, depreciated	55,133,161	2,659,602	-	57,792,763
Accumulated depreciation:				
Buildings	(750,233)	(92,423)	-	(842,656)
Improvements other than buildings				
Water	(10,909,108)	(933,440)	-	(11,842,547)
Sewer	(1,008,117)	(106,516)	-	(1,114,633)
Infrastructure	(1,980,040)	(173,877)	-	(2,153,918)
Machinery and equipment	(156,847)	(34,816)	-	(191,663)
Total accumulated depreciation	(14,804,345)	(1,341,072)	-	(16,145,416)
Total capital assets, depreciated (net)	40,328,816	1,318,530	-	41,647,346
Net business-type capital assets	\$ 45,596,016	\$ 1,377,564	\$ (2,070,839)	\$ 44,902,741

Midvale City
Notes to the Financial Statements
June 30, 2021

In the government-wide financial statements depreciation was charged as follows by program or activity:

Governmental activities:	
General government	\$ 284,438
Public works	1,791,975
Community development	17,964
Redevelopment agency	224,932
Other	75,095
Capital assets held by the government's Internal Service Funds are charged to various functions based on their usage of assets	<u>423,290</u>
Total depreciation expense - governmental activities	<u>\$ 2,817,694</u>
Business-type activities:	
Water	\$ 995,659
Storm water	212,623
Sewer	<u>132,789</u>
Total depreciation expense - business-type activities	<u>\$ 1,341,072</u>

As of June 30, 2021, the City had construction commitments of \$598,110 for unfinished projects.

Investments in and Advances to Joint Ventures and Intangible Assets

South Valley Water Reclamation Facility

The Sewer fund has an investment in the South Valley Water Reclamation Facility (SVWRF). SVWRF was created by an Interlocal Cooperative Agreement dated June 23, 1978, for the purpose of developing, acquiring, constructing, financing, maintaining, repairing, and operating a regional sewage and water treatment plant and related facilities located in the south part of Salt Lake County. On May 20, 2004, the Interlocal Agreement was amended for the purpose of converting SVWRF to a separate legal entity (a special district under State law rather than a joint administrative entity) and to clarify ownership status, facilitate transfers of ownership, and clarify capacity rights. The City uses the cost method rather than the equity method for reporting purposes.

During fiscal year 2012, SVWRF completed an expansion project increasing the operation from 38 million gallons per day to 50 million gallons per day. The right to the capacity has been adjusted in accordance with the proportion of the expansion paid by the participating entity. Participation in plant expansion is not required.

Midvale City
Notes to the Financial Statements
June 30, 2021

The following entities have capacity rights as of December 31, 2020.

Entity	Percent	Capacity (in millions of gallons per day)
West Jordan City	36.44%	18.22
South Valley Sewer District	32.40%	16.20
Sandy Suburban Improvement District	17.32%	8.66
Midvalley Improvement District	7.68%	3.84
Midvale City Corporation	6.16%	3.08
	100.00%	50.00

Each entity appoints one member to the Board. Voting power is not related to ownership, therefore, each entity is equal to another for voting privileges. Each entity is billed its share of operating costs based on the entity's metered usage. The City paid operating costs of \$1,075,143 and capital contributions of \$820,676 to SVWRF for the fiscal year ended July 30, 2021.

The complete financial statements for South Valley Water Reclamation Facility for the year ended June 30, 2021 can be obtained from South Valley Water Reclamation Facility, 7495 South 1300 West, West Jordan, UT 84084-3417.

Trans-Jordan Cities Landfill

The Association was organized May 22, 1968 as a joint enterprise fund of the Cities of Sandy, Midvale, West Jordan, and Murray, Utah. The City of South Jordan, Utah joined the Association during fiscal year 1997. The cities of Draper and Riverton, Utah joined the Association during fiscal year 1998. The primary purpose of the Association is the operation, maintenance, and control of a refuse dumping site east of Bingham Canyon in Salt Lake County. The City has no firm commitments to make additional equity investments in Trans-Jordan Cities. The City's ownership in the Association is calculated from the tipping fees for the preceding ten fiscal years. The Association is governed by its Board of Directors. Under the organization agreement, the Board of Directors is composed of the Mayors, or their appointed representatives, of the participating cities. The Board of Directors appoints the management and staff of the Association and approves all financial matters such as the operating budget and usage fees.

As of June 30, 2021, the City has a 5.17 percent ownership share in the Trans-Jordan Cities (the Association) joint enterprise. The City's equity in the net resources of the Association at June 30, 2021 is reported in the government-wide statement of net position.

Tipping fees paid from the Sanitation Fund to Trans-Jordan Cities were \$184,673 for fiscal year 2021.

The complete financial statements for Trans-Jordan Cities may be obtained from Trans-Jordan Cities, 10473 South Bacchus Highway, South Jordan, UT 84009-6002.

Midvale City
Notes to the Financial Statements
June 30, 2021

Valley Emergency Communications Center

The City is a member of Valley Emergency Communications Center (VECC). VECC was organized June 30, 1988, as a joint enterprise between several cities and Salt Lake County. The primary purpose is to fund and operate a communications center which handles communications and other services for the members, including police, fire, 911 service, dispatch and records services.

VECC is governed by a Board of Trustees consisting of one representative from each member appointed by the governing body thereof. The activities are funded by a surcharge tax on telephones within each member's city and member assessments. The Board of Trustees sets assessments for all member agencies in amounts sufficient to provide the funds required by the annual budget. VECC determines the 911 assessments for the telephone users within the member's jurisdictions.

Separate audited financial statements for Valley Emergency Communications Center may be obtained from the Finance Director at 5360 South Ridge Village Drive, West Valley City, UT 84118.

Utah Telecommunications Open Infrastructure Network

The City is one of 11 founding members of the Utah Telecommunications Open Infrastructure Network (UTOPIA), formed by an interlocal cooperative agreement organized under the laws of the State of Utah. UTOPIA was created to design, finance, build, operate and maintain an open, wholesale, public Telecommunication infrastructure that delivers high-speed connections to every home and business in the member communities. UTOPIA is jointly owned by the members. No equity investment has been recorded by the City since UTOPIA continues to report a net assets deficit. As of June 30, 2020, the net position deficit was \$282,506,075 (June 30, 2021 financial statements were not available at the time of this publication).

The City is a pledging member and has pledged sales and use tax revenues to partially guarantee payment of UTOPIA's bonds. In return for the pledge, the City will be among the first cities to receive UTOPIA's services. In July 2008, UTOPIA issued \$185,000,000 in revenue bonds. The first two years of bond payments were made from a debt reserve fund. In December 2011, UTOPIA refinanced the bond. From that point on, until the bonds are due in July 2026, net revenues

from UTOPIA will reimburse the debt service reserve fund for payments on the bond debt. To the extent that there are insufficient net revenues to pay the debt service, the 11 pledged members are required to reimburse the UTOPIA debt service fund of any shortfall by their respective percentages up to a specific dollar amount. Any amount paid by Pledging Members to UTOPIA to reimburse the debt service reserve fund will be a loan to be repaid by UTOPIA.

The City's annual commitment increases by 2% each year, and ranges from \$913,892 in Fiscal Year 2021 to \$1,331,367 in Fiscal Year 2040. Cumulative pledge payments made by the City to UTOPIA total \$10,180,447. If or when the UTOPIA network is substantially built out and running successfully, repayment from UTOPIA of all or part of these pledge payments is possible. The City currently expends its annual pledge payment.

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Utah Infrastructure Agency

The City is one of nine member cities of the Utah Infrastructure Agency (UIA), formed by an interlocal cooperative agreement organized under the laws of the State of Utah. The UIA was established on July 6, 2010, for the purpose of financing, constructing, equipping, and operating an open, wholesale, advanced communications infrastructure utility system throughout the City and interconnection with other members of the UIA. The UIA has issued debt of approximately \$286 million (as of June 30, 2020). The City pledged energy sales and use tax revenue toward its share of any debt service fund shortfall. The anticipated pledge amount is 6.6 percent of the annual debt service fund shortfall. Any bonds or debt issued or incurred by UIA will not constitute debt of the City. As of June 30, 2020 (the last date audited financial statements are available), the net position was \$(989,912) .

Unified Police Department (UPD)

The UPD is a Police Department, run by the Salt Lake County Sherriff that serves the following Salt Lake County entities: City of Holladay, Taylorsville City, Midvale City, Millcreek City, Brighton Town, and the unincorporated areas of Salt Lake County. The UPD allows communities to have comprehensive police services at a lower cost. By combining a variety of police services such as SWAT, forensics, records, canine, and media services under one organization, communities can share the costs with other communities, saving local governments and reducing the tax burden of citizens.

The UPD is run by a Board of Directors consisting of elected officials from the communities served. Day-to-day operations are run by the Sheriff. In addition to managing shared services, the Sheriff oversees local precincts, each with its own Chief who is chosen by each respective community. Chiefs run each local precinct and have authority over local operations such as Community Oriented Policing, traffic, patrol, and crossing guards. This flexible structure allows participating communities to take advantage of the cost savings and efficiencies of pooled services while retaining local control over precinct-level operations.

The annual budget for the UPD is formally adopted by the UPD Board of Directors, of which the Midvale City Mayor is a full member with full voting rights. The City paid \$8,877,322 in member assessment fees in fiscal year 2021.

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Interfund Receivable, Payables and Transfers

During fiscal year 2021, a number of transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2021 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Capital Projects Fund	CARES Act Projects	\$ 196,887
General Fund	IT Fund	CARES Act Projects	368,014
General Fund	RDA	Admin Fee Refund	6,000
General Fund	Telecommunications	UTOPIA pledge payment	805,586
RDA Funds	Other RDA Funds	Admin Fee Refund	343,580
Water Fund	Fleet Fund	Purchase assets	100,000
			<u>\$ 1,820,067</u>

<u>Fund</u>	<u>Transfer Out</u>	<u>Transfer In</u>
General	\$ 1,376,487	\$ -
Water	100,000	-
Capital Projects	-	196,887
Telecommunications	-	805,586
Fleet	-	100,000
Sewer	343,580	
Storm Water		343,580
IT		368,014
RDA		6,000
	<u>\$ 1,820,067</u>	<u>\$ 1,820,067</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and are pledged by the full faith and credit of the City. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year. The City's only General Obligation bond, issued to construct a Police Station, was paid in full during fiscal year 2020.

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Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds.

Revenue bonds outstanding at June 30, 2021 by issue are as follows:

Bond Description	Original Issue	Annual Principal	Interest Rate	Final due date	Balance 6/30/2021
Water, Sewer, and Storm Revenue Series 2020	8,175,000	\$514,000 to \$906,000	1.36%	10/1/2030	8,175,000
UDOT Parking Structure Loan	2,163,893	\$245,531	2.35%	3/22/2031	2,163,893
RDA Revenue Series 2015	12,961,000	\$606,000 to \$940,000	2.06% to 2.62%	5/1/2034	10,453,000
RDA Refunding Series 2017	17,670,000	\$925,000 to \$1,675,000	4.00% to 5.00%	5/1/2034	16,745,000
RDA Revenue Series 2018	7,570,000	\$385,000 to \$730,000	5.00%	5/1/2034	7,185,000
MBA Series 2012	8,990,000	\$235,000 to \$520,000	2.00% to 3.50%	10/15/2038	6,165,000
Sales Tax Revenue Series 2017	8,340,000	\$155,000 to \$745,000	2.00% to 4.00%	5/1/2032	6,805,000
Water and Sewer Series 2007C	5,050,000	\$208,000 to \$303,000	2.00%	10/1/2029	2,521,000
Water and Sewer Series 2010B	6,595,000	\$345,000 to \$565,000	4.01% to 6.09%	10/1/2030	-
Water/Sewer/Storm Ref Series 2016	4,490,000	\$230,000 to \$395,000	2.00% to 4.00%	10/1/2032	3,780,000
Water/Sewer/Storm Series 2018	6,225,000	\$155,000 to \$380,000	3.00% to 5.00%	10/1/2043	5,780,000
Water and Sewer Series 2012	1,537,000	\$86,000 to \$124,000	2.90%	4/1/2027	694,000
Water/Sewer/Storm Series 2013	2,552,000	\$143,000 to \$200,000	2.42%	10/1/2028	-
Water/Sewer/Storm Series 2014	<u>2,800,000</u>	\$153,000 to \$224,000	2.77%	10/1/2029	<u>-</u>
	<u>\$ 95,118,893</u>				<u>\$ 70,466,893</u>

On December 28, 2017, the City's Redevelopment Agency (RDA) issued Tax Increment and Sales Tax Revenue Refunding Bonds (Series 2017 Bonds) totaling \$17,670,000 to be used for the purpose of refunding the Series 2010B Bonds maturing on and after May 1, 2020 (the Cross-over Date), to provide for payment of interest on the Series 2017 Bonds to the Cross-over Date, and to pay costs of issuing the Series 2017 Bonds. The bonds carry an interest rate of 3.05 percent and mature in May 2034.

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Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2022	4,842,480	2,494,499	7,336,979
2023	4,984,050	2,344,451	7,328,501
2024	5,127,728	2,185,561	7,313,289
2025	5,030,515	2,011,980	7,042,495
2026	5,211,415	1,833,193	7,044,608
2027 - 2031	27,412,705	6,366,159	33,778,864
2032 - 2036	14,073,000	1,813,034	15,886,034
2037 - 2041	2,685,000	423,131	3,108,131
2042 - 2046	1,100,000	60,720	1,160,720
	<u>\$ 70,466,893</u>	<u>\$ 19,532,728</u>	<u>\$ 89,999,621</u>

The City has pledged sales tax revenue for the Redevelopment Agency (RDA) 2017 Crossover Tax Increment and Sales Tax Refunding Bonds, RDA 2018 Tax Increment and Sales Tax Revenue Bonds, 2017 Midvale City Sales Tax Revenue Bonds, and to partially guarantee Series 2011 Revenue Bonds issued by Utah Telecommunications Open Infrastructure Network (UTOPIA). See notes regarding Interlocal Agreements for more information on UTOPIA. The remaining principal and interest payments total \$52,028,848 (\$23,930,000 RDA, \$6,805,000 Midvale City, and \$21,293,848 UTOPIA). The RDA bonds mature in 2034, Midvale City bonds in 2032, and the UTOPIA bonds in 2040. For the current year, principal and interest paid totaled \$4,219,382 (\$2,510,200 RDA, \$776,900 Midvale City, and \$932,282 UTOPIA), and total sales tax revenues were \$10,434,898. The RDA Revenue Bonds are primarily secured with Tax Increment from the RDA, which is sufficient to cover the debt service on the bonds, and the City does not anticipate using sales tax revenue to make these payments. We estimate that annual principal and interest payments on the UTOPIA bonds will require 11 percent of pledged revenues, and the annual principal and interest payments on the Midvale City sales tax bonds will require 10 percent of pledge revenues. If the City is called upon to pay debt service on the RDA bonds, the total required for all bond series would be 40.4 percent of pledged revenues.

The City has pledged energy sales and use tax revenue to guarantee that Utah Infrastructure Agency (UIA) fulfills its revenue requirement from the bond agreements. UIA is required by the Series 2017 A&B bond covenants to have revenue equal to the operations expenses and capital costs in a fiscal year. In the event there is a shortfall, the eight pledging cities have agreed to lend energy sales and use tax revenues, limited to a yearly maximum of \$5,151,152. Midvale's share of that pledge is 6.6 percent, or \$339,988. This pledge is in place until the bonds mature in October of 2036. The total amount of the City's pledge through maturity is \$5.8 million. FY2021 revenues from energy sales and use tax were \$2,118,393. If the City is called upon to make a pledge payment, the payment amount would require 16% of pledged revenues. UIA has had sufficient revenue to service the debt, and it is unlikely the City's pledge will be required.

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The City has pledged water and sewer revenue for the following revenue bonds: Series 2007C and 2012 revenue bonds. The remaining principal and interest payments total \$3,545,874. The 2007C bonds mature in 2030 and the 2012 bonds mature in 2027. For the current year, principal and interest paid totaled \$5,778,183 (of which \$4,765,000 was refunding the 2010B Series Bond with the 2020 Water, Sewer, and Storm Revenue Bond listed below) water and sewer operating revenues totaled \$8,511,604. We estimate that annual principal and interest payments on the bonds will require 14% of pledged revenues.

The City has pledged storm water utility revenue, along with water and sewer revenue, for the Series 2016, 2018, and 2020 revenue bonds. The remaining principal and interest payments total \$17,220,994. The final bonds (series 2018) mature in fiscal year 2044. For the current year, principal and interest paid totaled \$4,512,687 (of which, \$3,289,000 was refunding the series 2013 and 2014 bonds with the 2020 Water, Sewer, and Storm Revenue Bond included here), and revenue from water, sewer, and storm water utilities was \$10,368,848. We estimate that annual principal and interest payments on the bonds will require 15 percent of pledged revenues.

The Redevelopment Agency (RDA) has pledged tax increment revenues to guarantee the 2015, 2017, and 2018 RDA Revenue Bonds. The remaining principal and interest payments total \$45,194,129. The bonds mature in 2034. For the current year, principal and interest paid totaled \$3,474,685. Tax increment revenues were \$7,793,504. We estimate that annual principal and interest payments will require a maximum of 45 percent of pledged revenues.

The Municipal Building Authority (MBA) has pledged lease revenue to guarantee 2012 MBA Revenue bonds. The remaining principal and interest payments total \$7,904,872. The bonds mature in fiscal year 2039. For the current year, principal and interest paid totaled \$678,326. Lease revenues were \$675,314. We estimate that annual principal and interest payments on the bonds will require 100 percent of pledged revenues.

Notes Payable

The City entered into a note payable agreement with Salt Lake County for \$300,000 during 2011, payable over 10 years with annual payments of \$30,000. The note bears no interest. The note represents the City's portion of a storm drain capital project completed during 2011. The City recorded \$150,000 of the obligation in both the RDA and Storm Water Utility funds. The balance of the note payable as of June 30, 2020 is \$0.

The City entered into a service contract note payable with UIA, wherein the City will bill and collect connection service fees from end users of UTOPIA located in the City on behalf of UIA. The City is entitled to 5 percent of the fee for administrative costs and the remaining 95 percent is due to UIA. The City becomes a signatory party to the end user agreement, along with UIA and the end user. The City is responsible for collection of the user fees stipulated in the agreement should the end user default. At June 30, 2021, the note payable balance for services fees collected was \$125,737. During 2012, the City created an enterprise fund to account for the activity of this service contract.

Midvale City
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Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 are as follows:

	6/30/2020	Increases	Decreases	6/30/2021	Due in One Year
<u>Governmental activities</u>					
Bonds payable:					
Lease revenue	\$ 31,895,000	\$ -	\$ (1,800,000)	\$ 30,095,000	\$ 1,870,000
Tax revenue	18,398,000	-	(1,140,000)	17,258,000	1,174,000
Add: unamortized premiums and discounts	3,884,757	-	(279,124)	3,605,633	-
Total bonds payable	54,177,757	-	(3,219,124)	50,958,633	3,044,000
Direct borrowings	-	2,163,893	-	2,163,893	194,480
Compensated absences	423,504	125,477	(121,958)	427,023	216,845
Governmental activities, long-term liabilities	<u>\$ 54,601,261</u>	<u>\$ 2,289,370</u>	<u>\$ (3,341,082)</u>	<u>\$ 53,549,549</u>	<u>\$ 3,455,325</u>
<u>Business-type activities</u>					
Bonds payable:					
Water and Sewer	\$ 22,308,000	\$ 8,175,000	\$ (9,533,000)	\$ 20,950,000	\$ 1,604,000
Add: unamortized premium	745,951	6,732	(56,716)	695,967	-
Total bonds payable	23,053,951	8,181,732	(9,589,716)	21,645,967	1,604,000
Direct borrowings	153,430	-	(27,693)	125,737	-
Compensated absences	179,046	58,723	(44,519)	193,250	98,718
Business-type activities, long-term liabilities	<u>\$ 23,386,427</u>	<u>\$ 8,240,455</u>	<u>\$ (9,661,928)</u>	<u>\$ 21,964,954</u>	<u>\$ 1,702,718</u>

Compensated absences for governmental activities are generally liquidated by the General Fund.

Risk Management

The City 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 City participates in the Utah Local Government Insurance Trust (Trust), a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. As of June 30, 2021, there were no outstanding unpaid claims. Also, the City had no claim settlements during the three years ending June 30, 2021 which exceeded its insurance coverage.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Redevelopment Agency

In connection with the activities of the Redevelopment Agency (RDA), intergovernmental revenues from property tax increments of other governmental entities totaling \$7,793,504 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies.

During the year ended June 30, 2021, funds expended by the RDA were limited to the categories of redevelopment, administration costs, highways and public improvements, and debt service. Administrative costs totaled \$992,961, redevelopment expenditures (mainly developer reimbursements) totaled \$1,383,340, highways and public improvements costs totaled \$360,794, and debt service costs totaled \$3,474,685.

Employee Retirement Systems and Pension Plans

General Information about the Pension Plan

Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102-2021 or visiting the website: www.urs.org.

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Summary of Benefits by System

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of Service Required and or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employee System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

*Actuarial reductions are applied.

**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contribution rates as of June 30, 2021 are as follows:

	Employee	Employer	Employer 401(k)
Contributory System			
111 Local Government Div - Tier 2	N/A	15.80	0.89
Noncontributory System			
15 Local Government Div - Tier 1	N/A	18.47	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69	10.00

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Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For the fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 446,429	N/A
Tier 2 Public Employees System	346,260	\$ -
Tier 2 DC Only System	50,439	N/A
Total Contributions	\$ 843,128	\$ -

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities of the Tier 1 Systems.

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2021, the City reported a net pension asset of \$0 and a net pension liability of \$198,174.00.

	(Measurement Date): December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2018	Change (Decrease)
Noncontributory System	\$ -	\$ 179,185	0.3493276%	0.3447311%	0.0045965%
Tier 2 Public Employees System	-	18,989	0.1320274%	0.1212015%	0.0108259%
Total net pension asset/liability	\$ -	\$ 198,174			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 and rolled- forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2021, the City recognized pension expense of \$337,750.

Midvale City
Notes to the Financial Statements
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At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 257,869	\$ 8,695
Changes in assumptions	24,019	24,129
Net difference between projected and actual earnings on pension plan investments	-	1,363,926
Changes in proportion and differences between contributions and proportionate share of contributions	45,684	43,949
Contributions subsequent to the measurement date	420,283	-
Total	\$ 747,855	\$ 1,440,699

The \$420,283 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

These contributions will be recognized as a reduction to the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (320,124)
2021	(143,175)
2022	(466,452)
2023	(220,798)
2024	6,356
Thereafter	31,067

Midvale City
Notes to the Financial Statements
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Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$151,958.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources relating to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 240,389	\$ -
Changes in assumptions	-	23,438
Net difference between projected and actual earnings on pension plan investments	-	1,308,420
Changes in proportion and differences between contributions and proportionate share of contributions	17,048	43,949
Contributions subsequent to the measurement date	220,401	-
Total	\$ 477,838	\$ 1,375,807

The \$220,401 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (310,529)
2022	(137,480)
2023	(453,441)
2024	(216,919)
2025	-
Thereafter	-

Midvale City
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Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$185,792.

At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,480	\$ 8,695
Changes in assumptions	24,019	691
Net difference between projected and actual earnings on pension plan investments	-	55,506
Changes in proportion and differences between contributions and proportionate share of contributions	28,635	-
Contributions subsequent to the measurement date	199,882	-
Total	\$ 270,016	\$ 64,892

The \$199,882 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (9,595)
2022	(5,696)
2023	(13,011)
2024	(3,879)
2025	6,356
Thereafter	31,067

Midvale City
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Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 - 9.75 percent, average, including inflation
Investment Rate of Return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class:	Expected Return Arithmetic Basis		
	Target Asset Allocation	Arithmetic Basis	expected portfolio real
Equity securities	37.00%	6.30%	2.33%
Debt securities	20.00%	0.00%	0.00%
Real assets	15.00%	6.19%	0.93%
Private equity	12.00%	9.50%	1.14%
Absolute return	16.00%	2.75%	0.44%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.84%
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

The 6.95 percent assumed investment rate of return is comprised of an inflation rate of 2.50 percent and a real return of 4.45 percent that is net of investment expense.

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Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 3,106,537	\$ 179,185	\$ 2,261,203
Tier 2 Public Employees System	319,532	18,989	210,918
Total	\$ 3,426,069	\$ 198,174	\$ 2,472,121

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Midvale City
Notes to the Financial Statements
June 30, 2021

The City participates in the URS 401(k), Roth IRA, and Traditional IRA plans. Employee and employer contributions to the URS Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

	2021	2020	2019	2018	2017
401(k) Plan					
Employer Contributions	\$ 98,786	\$ 87,251	\$ 68,865	\$ 49,678	\$ 32,471
Employee Contributions	59,515	45,685	32,837	19,924	8,308
Roth IRA Plan					
Employer Contributions	N/A	N/A	N/A	N/A	N/A
Employee Contributions	19,375	13,237	8,916	3,152	2,810
Traditional IRA					
Employer Contributions	N/A	N/A	N/A	N/A	N/A
Employee Contributions	-	400	-	-	-

Subsequent Events

The City has evaluated events subsequent to June 30, 2021 through the date of the audit report, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

Midvale City
Schedule of the Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

	<u>Year Ended 12/31</u>	<u>Noncontributory Retirement System</u>	<u>Tier 2 Public Employees Retirement System</u>
Proportion of the net pension liability (asset)	2020	0.3493276%	0.1320274%
	2019	0.3447311%	0.1212015%
	2018	0.3657182%	0.1350688%
	2017	0.3573643%	0.1127146%
	2016	0.3707456%	0.1077038%
	2015	0.3673148%	0.1159186%
Proportionate share of the net pension liability (asset)	2020	\$ 179,185	\$ 18,989
	2019	1,299,246	27,259
	2018	1,573,107	11,013
	2017	2,294,716	12,573
	2016	2,097,880	(258)
	2015	1,594,967	(3,514)
Covered payroll	2020	\$ 2,470,587	\$ 2,110,596
	2019	2,554,355	1,684,674
	2018	2,824,864	1,222,311
	2017	2,977,824	924,344
	2016	3,082,556	695,834
	2015	3,126,027	568,393
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	2020	7.25%	0.90%
	2019	50.86%	1.62%
	2018	55.69%	0.90%
	2017	70.06%	1.36%
	2016	68.06%	-0.03%
	2015	51.02%	-0.62%
Plan fiduciary net position as a percentage of the total pension liability (asset)	2020	99.2%	98.3%
	2019	93.7%	96.5%
	2018	91.9%	97.4%
	2017	87.3%	95.1%
	2016	87.8%	100.2%
	2015	99.2%	103.5%

* In accordance with paragraph 81.a of GASB 68, employers will disclose a 10-year history of their proportionate share of the net pension liability (asset) in the RSI section of the Comprehensive Annual Finance Report. This schedule presents this information from the date the information was required. Subsequent years will be added as the information becomes available.

Midvale City
Schedule of Pension Contributions
Last 10 Fiscal Years*

	As of fiscal year ended June 30,	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 539,546	\$ 539,546	\$ -	\$ 3,271,588	16.49%
	2015	556,711	556,711	-	3,044,411	18.29%
	2016	558,513	558,513	-	3,129,703	17.85%
	2017	528,980	528,980	-	2,888,062	18.32%
	2018	510,283	510,283	-	2,765,409	18.45%
	2019	497,592	497,592	-	2,694,057	18.47%
	2020	460,129	460,129	-	2,491,222	18.47%
	2021	446,429	446,429	-	2,417,053	18.47%
Tier 2 Public Employees System*	2014	\$ 71,643	\$ 71,643	\$ -	\$ 512,099	13.99%
	2015	91,568	91,568	-	612,905	14.94%
	2016	119,182	119,182	-	800,495	14.89%
	2017	166,245	166,245	-	1,079,233	15.40%
	2018	228,677	228,677	-	1,436,624	15.92%
	2019	255,919	255,919	-	1,639,201	15.61%
	2020	292,879	292,879	-	1,834,048	15.97%
	2021	346,260	346,260	-	2,193,157	15.79%
Tier 2 Public Employees DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	1,193	1,193	-	17,748	6.72%
	2016	2,484	2,484	-	37,128	6.69%
	2017	6,819	6,819	-	101,929	6.69%
	2018	15,341	15,341	-	230,754	6.65%
	2019	29,990	29,990	-	437,904	6.85%
	2020	37,021	37,021	-	500,921	7.39%
	2021	50,439	50,439	-	598,944	8.42%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in the RSI section of their Comprehensive Annual Financial Report. Contributions as a percentage of covered-payroll may be different than the board-certified rate due to rounding and other administrative issues. This schedule presents this information from the date the information was required. Subsequent years will be added as the information becomes available.

Midvale City
Notes to the Required Supplementary Information
June 30, 2021

1. CHANGES IN ASSUMPTIONS

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the "Retirement Office" column using the "Reports and Stats" tab.

OTHER INFORMATION



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

The Honorable Mayor, and
Members of the City Council
Midvale City Corporation, Utah

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Midvale City Corporation, Utah (herein referred to as the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
December 27, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE
STATE COMPLIANCE AUDIT GUIDE**

The Honorable Mayor, and
Members of the City Council
Midvale City, Utah

Report on Compliance with General State Compliance Requirements

We have audited Midvale City's (herein referred to as the "City") compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2021.

General state compliance requirements were tested for the year ended June 30, 2021 in the following areas:

Budgetary Compliance
Justice Courts
Fraud Risk Assessment

Fund Balance
Restricted Taxes and Related Revenues
Government Fees

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements

In our opinion, Midvale City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2021.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which were required to be reported in accordance with the *State Compliance Audit Guide* and which are described in a separate letter to management dated December 27, 2021. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying letter to those charged with governance. The City's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
December 27, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE***

The Honorable Mayor, and
Members of the City Council
Midvale City, Utah

Report on Compliance for Each Major Federal Program

We have audited Midvale City's (the "City") compliance with the types of compliance described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. Midvale City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, Midvale City, Utah complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Larson & Company, PC

Larson & Company, PC
Spanish Fork, Utah

December 27, 2021

Midvale City Corporation
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

Federal Grantor/Pass-Thru/ Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Contract	Amount of Expenditures	Expenditures to Subrecipients
Direct Assistance:				
U.S. Department of Justice				
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0599	6,605	6,605
Total U.S. Department of Agriculture			<u>6,605</u>	<u>6,605</u>
U.S. Treasury				
Sharon Steel Superfund Site	66.802	96863001	124,455	
Total U.S. Treasury			<u>124,455</u>	
Total Direct Assistance:			<u>131,060</u>	
Indirect Assistance:				
U.S. Department of Agriculture (USDA):				
Passed through from Salt Lake County				
* Coronavirus Relief Fund	21.019	N/A	1,980,866	
Total U.S. Department of Agriculture			<u>1,980,866</u>	
Total Indirect Assistance:			<u>1,980,866</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 2,111,926</u></u>	<u>6,605</u>

* Major Program

Midvale City Corporation
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of Midvale City, Utah under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Midvale City, Utah, it is not intended to and does not present the net position, or statement of activities of Midvale City, Utah.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

Midvale City, Utah has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Note C – Loans

The City has no outstanding Federal Loans.

Midvale City Corporation
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on governmental activities, business-type Activities, each major fund, and aggregate remaining fund information

Unmodified

Internal Control over financial reporting:

- Material weaknesses identified ☐ Yes ☒ No
- Significant deficiencies identified ☐ Yes ☒ No

Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over federal programs

- Material weaknesses identified ☐ Yes ☒ No
- Significant deficiencies identified ☐ Yes ☒ No

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of Federal Major Programs and Type of Auditor's Report Issued on Compliance for Major Federal Programs

<u>Name of federal program or cluster</u>	<u>CFDA</u>
Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between type A and type B Programs:	<u>\$750,000</u>
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

II. Financial statement findings

No reportable financial statement findings.

III. Federal award findings and questioned costs

No reportable federal award findings.



Midvale City
7505 South Holden Street
Midvale, UT 84047
801-567-7200
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November 23, 2021

Cinna Vallejos
U.S. EPA Region 8
1595 Wynkoop Street
Denver, CO 80202-1129

Dear Cinna Vallejos,

The purpose of this letter is to provide a quarterly progress report on the Sharon Steel OU1 Superfund Site U.S. Environmental Protection Agency (EPA) Grant V-96863001-0.

The next quarterly progress report will cover October 1, 2021 through December 31, 2021 and will be submitted within 60 days of the end of the quarter.

Sincerely,

Nate Rockwood
Community Development Director
MIDVALE CITY CORPORATION
Attachments:

Attachment I – Milestones Schedule

cc: Athena Jones, U.S. EPA Region 8
Tony Howes, Utah Department of Environmental Quality

**SHARON STEEL
TA**

**QUARTERLY REPORT
4th QUARTER (Jul 1 – Sep 30) – FFY 2021**

EPA COOPERATIVE AGREEMENT NUMBER: V-96863001

Task 1 – Technical Assistance:

- a. Stop work notice due to pin hole issues discovered in deep trenches continued
 - i. Assisted Zions Bancorporation and other involved parties to work with the Environmental Protection Agency (EPA) to find suitable solutions for the issue
 - ii. Issued a partial lift of the stop work order on July 27, 2021.
 - iii. Issued a complete lift of the stop work order on September 1, 2021
- b. Assisted Okland to protect site monitoring wells located within Jordan Bluffs North Slope project
- c. Assisted Okland and Siri on developing alternate methods for sealing liner around dry utility conduit penetrations
- d. Assisted Okland and Siri with contaminated soil and stormwater management protocols
- e. Assisted Gardner with submittal of Design Site Plan for a vacuum sewer station to service sewer needs for future projects on the site

Task 2 – Information and Community Relations:

- a. Informed concerned residents of Midvale of the procedures in place to ensure contaminated soil remains contained safely on-site during redevelopment activities
- b. Worked with Utah Department of Environmental Quality (UDEQ) Communications Director to address residents concerns over a stop work order that was issued

Task 3 – Assist in the Preparation/Submittal of Materials Management Plans:

- a. Assisted Gardner Company in the preparation and submittal of alternative solutions to the pin hole issue

Task 4 – Work Progress:

- a. Siri Contracting, LLC (Siri) continued construction as general contractor for Gardner Company on Jordan Bluffs Backbone Infrastructure and Roadways
 - i. Siri completed raising grade on Holmes Homes Phase II & III
 - ii. Siri continued placing surcharge south of Ivy Drive
 - iii. As of the end of this reporting period Siri has completed the installation of utilities and roadway for all of Bingham Junction Blvd. and Ivy Place Rd.
 - iv. Siri continued work on Addendum to the Jordan Bluffs Backbone Infrastructure and Roadways Design Site Plan
 - a. Siri continued laying liner material and contaminated soil from beneath liner from Zions Bancorporation Facility building footprint excavation onto north slope area.
- b. Gardner Company continued construction on Zions Bancorporation Facility utilizing Okland as general contractor.
 - i. Siri continued utility installation work involving creating new clean utility corridors.
 - a. All liner welding and patches were inspected by Terracon according to protocols outlined in the DSP
 - ii. General site grading work continued
 - iii. Building construction has continued

Attachment I

Milestone Schedule

Sharon Steel OU1 Superfund Site U.S. Environmental Protection Agency Grant V-96863001-0
Milestones Schedule - 4th Quarter FFY 2021

Task	Duration (days)	Projected Start	Projected Finish	Updated Projected Start	Updated Projected Finish	Actual Start	Actual Finish	Status
City Permit Review	109	10/16/2017	11/10/2017	--	--	2/1/2018	5/21/2018	Complete
Full Plans & Specs to EPA	28	11/13/2017	12/22/2017	--	--	2/2/2018	3/2/2018	Complete
Phase I Excavation	372	1/22/2018	2/16/2018	--	--	7/23/2018	7/30/2019	Complete
Phase II Surcharging	366	1/22/2018	4/20/2018	--	--	8/13/2018	8/14/2019	Complete
Phase I Construction & Capping	686	2/26/2018	8/3/2018	--	--	10/16/2018	9/1/2020	Complete
Construct BJ Blvd extension through Phase I, II, III, and residential early development areas	535	2/5/2018	7/27/2018	--	--	3/15/2018	9/1/2019	Complete
Phase I Complete	17	8/6/2018	8/10/2018	--	--	8/15/2020	9/1/2020	Complete
Remove Phase II Surcharge	260	4/15/2018	5/11/2018	--	--	8/14/2018	5/1/2019	Complete
Phase III Surcharging	1343	4/16/2018	7/13/2018	--	5/1/2022	8/27/2018	--	In Progress
Phase II Grading	61	4/30/2018	6/8/2018	--	--	5/1/2019	7/1/2019	Complete
Phase II Construction and Capping	482	5/21/2018	10/26/2018	--	--	5/8/2019	9/1/2020	Complete
Phase II Complete	17	10/29/2018	11/2/2018	--	--	8/15/2020	9/1/2020	Not Started
Remove Phase III Surcharge	957	7/16/2018	8/10/2018	--	1/1/2022	5/20/2019	--	In Progress
Phase IV Surcharging	515	7/16/2018	10/12/2018	--	6/1/2021	1/3/2020	--	In Progress
Phase III Grading	61	7/30/2018	9/7/2018	5/1/2022	7/1/2022	--	--	Not Started
Phase III Construction and Capping	457	8/20/2018	1/25/2019	6/1/2022	9/1/2023	--	--	Not Started
Phase III Complete	30	1/28/2019	2/1/2019	9/1/2023	10/1/2023	--	--	Not Started
Holmes Homes Phase I Grading	294	7/1/2019	11/1/2019	--	--	7/16/2019	5/5/2020	Complete
Holmes Homes Phase II Grading	70	5/21/2020	7/30/2020	--	--	5/21/2020	9/30/21	Complete
Holmes Homes Phase III Grading	78	3/15/2021	6/1/2021	--	--	3/15/2021	9/30/21	Complete
Holmes Homes Phase I Utilities and Roadways	123	7/15/2020	11/15/2020	--	--	9/8/2020	--	In Progress
Holmes Homes Phase II Utilities and Roadways	181	1/1/2022	7/1/2022	--	--	--	--	Not Started
Holmes Homes Phase III Utilities and Roadways	181	1/1/2022	7/1/2022	--	--	--	--	Not Started
Zions Bank Headquarters	293	9/1/2020	6/21/2021	--	6/21/2022	8/24/2020	--	In Progress