

NEW ISSUE—Issued in Book-Entry Only Form

Insured Rating: S&P “AA” (Stable) BAM Insured  
Underlying Ratings: S&P “A+”; Fitch “AA-”  
(See “BOND RATINGS” herein.)

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2025 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel notes that interest on the Series 2025 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2025 Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” herein.*

\$17,195,000\*

**MIDVALE CITY, UTAH  
WATER, SEWER, AND STORM WATER REVENUE BONDS,  
SERIES 2025**

**Dated: Date of Initial Delivery****Due: October 1, as shown on the inside cover**

The Series 2025 Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2025 Bonds. Purchases of Series 2025 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Owners of the Series 2025 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2025 Bonds. Interest on the Series 2025 Bonds is payable on April 1 and October 1 of each year, commencing April 1, 2026, through Zions Bancorporation, National Association, as Paying Agent, all as more fully described herein. So long as DTC or its nominee is the registered owner of the Series 2025 Bonds, payments of the principal of, premium, if any, and interest on such Series 2025 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See “THE SERIES 2025 BONDS—Book-Entry Only System” herein.

The Series 2025 Bonds are issued for the purpose of (i) financing the construction of a new public works facility to be used for storage, office space, fleet maintenance, and general operations of the City public works department and related improvements (the “Project”) and (ii) paying costs associated with the issuance of the Series 2025 Bonds.

The Series 2025 Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2025 BONDS—Redemption” herein.

**The Series 2025 Bonds are limited obligations of the City, payable solely from a pledge and assignment of Revenues of the System, after payment of Operation and Maintenance Expenses of the System, and moneys on deposit in the funds and accounts (other than the Rebate Fund and the Repair and Replacement Fund) established in the Indenture between the City and Zions Bancorporation, National Association, as trustee. Neither the credit nor the taxing power of the City or the State of Utah or any agency, instrumentality, or political subdivision thereof is pledged for the payment of the principal of, premium, if any, or interest on the Series 2025 Bonds. The Series 2025 Bonds are not general obligations of the City or the State of Utah or any agency, instrumentality, or political subdivision thereof. The issuance of the Series 2025 Bonds shall not directly, indirectly, or contingently obligate the City or the State of Utah or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the Series 2025 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS” herein.**

The scheduled payment of principal of and interest on the Series 2025 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2025 Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”).



The Series 2025 Bonds are offered when, as, and if issued and received by the Underwriter, subject to the approval of their legality by Gilmore & Bell, P.C., Bond Counsel to the City. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by the City Attorney. LRB Public Finance Advisors, Inc. has acted as municipal advisor to the City in connection with the issuance of the Series 2025 Bonds. Certain matters will be passed upon for the Underwriter by Farnsworth Johnson PLLC. It is expected that the Series 2025 Bonds, in book-entry only form, will be available for delivery on or about August 21, 2025.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

This Official Statement is dated \_\_\_\_\_, 2025, and the information contained herein speaks only as of that date.

**STIFEL**

\* Preliminary; subject to change.

**\$17,195,000\***  
**MIDVALE CITY, UTAH**  
**WATER, SEWER, AND STORM WATER REVENUE BONDS, SERIES 2025**

MATURITIES, AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS

<u>Due</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2027	\$100,000			
2028	100,000			
2029	295,000			
2030	310,000			
2031	330,000			
2032	345,000			
2033	365,000			
2034	380,000			
2035	400,000			
2036	420,000			
2037	445,000			
2038	470,000			
2039	495,000			
2040	520,000			
2041	550,000			
2042	580,000			
2043	610,000			
2044	640,000			
2045	675,000			
2046	715,000			
2047	750,000			
2048	790,000			
2049	835,000			
2050	880,000			
2051	930,000			
2052	980,000			
2053	1,035,000			
2054	1,095,000			
2055	1,155,000			

[\$ \_\_\_\_\_ % Term Bond Due October 1, 20\_\_\_\_; Price \_\_\_\_\_%; CUSIP No. 598119 \_\_\_\_\*\*]

\* Preliminary; subject to change.

\*\* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2025 Bonds. None of the City, the Trustee or the Underwriter is responsible for the selection or use of such CUSIP numbers, and no representation is made as to its correctness on the Series 2025 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025 Bonds as a result of various subsequent actions including but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2025 Bonds.

The information set forth herein has been obtained from the City, DTC, the Bond Insurer, and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the City, or in any other information contained herein since the date hereof.

No dealer, broker, salesman or any other person has been authorized by the City or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

All inquiries relating to this Official Statement and the offering contemplated herein should be directed to the Underwriter. Prospective investors may obtain additional information from the Underwriter or the City which they may reasonably require in connection with the decision to purchase any of the Series 2025 Bonds from the Underwriter.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Forward-looking statements are included in, but not limited to, the Official Statement under the captions “THE PROJECT,” “ESTIMATED SOURCES AND USES OF FUNDS,” and “HISTORICAL OPERATIONS AND PRO FORMA DEBT SERVICE COVERAGE.” The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The yields at which the Series 2025 Bonds are offered to the public may vary from the initial reoffering yields on the inside front cover page of this Official Statement. In connection with this offering, the Underwriter may engage in transactions that stabilize, maintain or otherwise affect market prices of the Series 2025 Bonds. Such transactions, if commenced, may be discontinued at any time.

THE SERIES 2025 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2025 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The City maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2025 Bonds.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Series 2025 Bonds or the advisability of investing in the Series 2025 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “APPENDIX G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

**\$17,195,000\***  
**MIDVALE CITY, UTAH**  
**WATER, SEWER, AND STORM WATER REVENUE BONDS**  
**SERIES 2025**

**7505 South Holden Street**  
**Midvale, Utah 84047**  
**(801) 567-7200**

**MAYOR AND CITY COUNCIL**

Dustin Gettel.....	Mayor
Bonnie Billings.....	Councilmember
Bryant Brown.....	Councilmember
Paul Glover.....	Councilmember
Denece Mikolash.....	Councilmember
Heidi Robinson.....	Councilmember

**CITY ADMINISTRATION**

Matt Dahl.....	City Manager
Nate Rockwood.....	Assistant City Manager
Mariah Hill.....	Administrative Services Director
Karen Kester.....	City Treasurer
Garrett Wilcox.....	City Attorney
Rori Andreason.....	City Recorder
Glen Kennedy.....	Public Works Director

**TRUSTEE, BOND REGISTRAR, AND PAYING  
AGENT**

Zions Bancorporation, National Association  
One South Main Street, 12th Floor  
Salt Lake City, Utah 84133  
(801) 844-7517

**MUNICIPAL ADVISOR**

LRB Public Finance Advisors, Inc.  
41 North Rio Grande, Suite 101  
Salt Lake City, Utah 84101  
(801) 596-0700

**BOND AND DISCLOSURE COUNSEL**

Gilmore & Bell, P.C.  
15 West South Temple, Suite 1400  
Salt Lake City, Utah 84101  
(801) 364-5080

**UNDERWRITER**

Stifel, Nicolaus & Company, Incorporated  
15 West South Temple, Suite 1090  
Salt Lake City, Utah 84101  
(385) 799-7231

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\* Preliminary; subject to change.



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**\$17,195,000\***  
**MIDVALE CITY, UTAH**  
**WATER, SEWER, AND STORM WATER REVENUE BONDS**  
**SERIES 2025**

**INTRODUCTION**

This Official Statement, including the cover page, introduction and appendices provides information regarding (i) the issuance and sale by Midvale City, Utah (the “City” or the “Issuer”), a political subdivision of the State of Utah (the “State”), of its \$17,195,000\* Water, Sewer, and Storm Water Revenue Bonds, Series 2025 (the “Series 2025 Bonds”), initially issued in book-entry form only; (ii) the City; and (iii) the sewer system (the “Sewer Facilities”), the water system (the “Water Facilities”), and the storm water system (the “Storm Water Facilities,” and collectively with the Sewer Facilities and the Water Facilities, the “System”) owned and operated by the City. This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2025 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in “APPENDIX B—EXCERPTS OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE.”

See also the following appendices attached hereto which are hereby incorporated herein by reference: APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024; APPENDIX B—EXCERPTS OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE; APPENDIX C—ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY; APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING; APPENDIX E—FORM OF OPINION OF BOND COUNSEL; APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM; and APPENDIX G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.

**The City**

The City was incorporated in 1909 and covers an area of approximately six square miles within Salt Lake County, Utah (the “County”). The City is located approximately 10 miles south of Salt Lake City, Utah, on Interstate 15 in the middle of the Salt Lake Valley. The City had 36,219 residents in 2024 according to the estimate of the U.S. Census Bureau. For additional information regarding the City, see “THE CITY”; “FINANCIAL INFORMATION REGARDING THE CITY”; “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR’S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2024”; and “APPENDIX C—ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY” herein.

**The System**

The System consists of the Water Facilities, the Sewer Facilities, and the Storm Water Facilities. The Water Facilities currently consist of approximately 132 miles of transmission lines, 2 storage tanks which have a collective capacity of 6.5 million gallons, and 3 active wells. The Sewer Facilities consist of approximately 36 miles of 3-inch to 36-inch interceptors and collectors, and 3 lift stations. The sewage collected by the Sewer Facilities is treated at the South Valley Water Reclamation Facility, in which the City owns 6.16% of the capacity rights. The Storm Water Facilities consist of a combination of pipes, curb and gutter, and natural features such as canals and culverts. All of the Storm Water Facilities within the City flow by gravity; there are no pumps or pressurized pipes in the Storm Water Facilities. See “THE PROJECT” and “THE SYSTEM,” herein for additional information.

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\* Preliminary; subject to change.

## **Authorization and Purpose of the Series 2025 Bonds**

The Series 2025 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the “Act”); (ii) resolutions of the City adopted on April 15, 2025 and May 20, 2025 (together, the “Resolution”); (iii) a General Indenture of Trust dated as of April 1, 2007, as heretofore supplemented and amended (the “General Indenture”), between the City and Zions Bancorporation, National Association, as trustee (the “Trustee”); (iv) an Eleventh Supplemental Indenture of Trust dated as of August 1, 2025 (the “Eleventh Supplemental Indenture” and together with the General Indenture, the “Indenture”) between the City and the Trustee; and (v) other applicable provisions of law.

The Series 2025 Bonds are being issued for the purpose of (a) financing the construction of a new public works facility to be used for storage, office space, fleet maintenance, and general operations of the City public works department and related improvements (the “Project”) and (b) paying certain costs associated with the issuance of the Series 2025 Bonds.

## **Security**

The Series 2025 Bonds will be payable from and secured solely by a pledge and assignment of the Net Revenues from the System and moneys on deposit in the funds and accounts (other than the Rebate Fund and the Repair and Replacement Fund) held by the Trustee under the Indenture.

The Revenues of the System will be applied to pay the Operation and Maintenance Expenses of the System before being applied to pay principal of and interest on the Series 2025 Bonds. The Series 2025 Bonds will be special limited obligations of the City, payable solely from the Net Revenues of the System.

The Series 2025 Bonds will not be a general obligation of the City, the State or any agency, instrumentality or political subdivision thereof. Neither the faith and credit nor the taxing power of the City, the State or any agency, instrumentality or political subdivision thereof will be assigned or pledged for payment of the Series 2025 Bonds. The City will not mortgage or grant a security interest in the System, the Project, or any portion thereof to secure payment of the Series 2025 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” below.

No debt service reserve fund is being funded with respect to the Series 2025 Bonds.

The City has previously issued and has outstanding its (i) Water and Sewer Revenue Bonds, Series 2007C (the “Series 2007C Bonds”); (ii) Water and Sewer Revenue Refunding Bonds, Series 2012 (the “Series 2012 Bonds”); (iii) Water, Sewer, and Storm Water Revenue Refunding Bonds, Series 2016 (the “Series 2016 Bonds”); (iv) Water, Sewer, and Storm Water Revenue Bonds, Series 2018 (the “Series 2018 Bonds”); (v) Water, Sewer, and Storm Water Revenue Refunding Bonds, Series 2020 (the “Series 2020 Bonds”); and (vi) Water, Sewer, and Storm Water Revenue Bonds, Series 2023 (the “Series 2023 Bonds”). The Series 2007C Bonds, the Series 2012 Bonds, the Series 2016 Bonds, the Series 2018 Bonds, the Series 2020 Bonds, and the Series 2023 Bonds are sometimes collectively referred to herein as the “Outstanding Parity Bonds.” As of July 1, 2025, the Outstanding Parity Bonds are outstanding in the aggregate principal amount of \$24,391,000. The Outstanding Parity Bonds were issued pursuant to the terms of the General Indenture and are secured by the Net Revenues on a parity with the Series 2025 Bonds.

The City may issue Additional Bonds payable on a parity with the Series 2025 Bonds and the Outstanding Parity Bonds upon complying with certain requirements set forth in the Indenture. Such Additional Bonds together with the Series 2025 Bonds and the Outstanding Parity Bonds are sometimes collectively referred to herein as the “Bonds.” See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds—Additional Bonds” below.

## **Bond Insurance**

The scheduled payment of principal of and interest on the Series 2025 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2025 Bonds by Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”) as set forth in the form of the Policy included as APPENDIX G to this Official Statement. See “BOND INSURANCE” herein.

## **Redemption Provisions**

The Series 2025 Bonds are subject to optional [and mandatory sinking fund] redemption prior to maturity. See “THE SERIES 2025 BONDS—Redemption” below.

## **Registration, Denominations, Manner of Payment**

The Series 2025 Bonds are issuable only as fully-registered Series 2025 Bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository of the Series 2025 Bonds. Purchases of Series 2025 Bonds will be made in book-entry only form, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Series 2025 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2025 Bonds.

So long as Cede & Co. is the registered Owner of the Series 2025 Bonds, as nominee of DTC, references herein and in the Indenture to the bondowners or registered Owners of the Series 2025 Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2025 Bonds.

Principal of and interest on the Series 2025 Bonds (interest payable April 1 and October 1 of each year, commencing April 1, 2026) are payable by Zions Bancorporation, National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners of the Series 2025 Bonds, initially Cede & Co., as nominee of DTC. See “THE SERIES 2025 BONDS—Book Entry Only System” below.

## **Transfer or Exchange**

Except as described under “THE SERIES 2025 BONDS—Book-Entry Only System” below, in all cases in which the privilege of exchanging or transferring the Series 2025 Bonds is exercised, the City shall execute, and the Bond Registrar shall authenticate and deliver, the Series 2025 Bonds in accordance with the provisions of the Indenture. For every such exchange or transfer of the Series 2025 Bonds, the City or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer of the Series 2025 Bonds, but may impose no other charge therefor.

The Bond Registrar, shall not be required to transfer or exchange any Series 2025 Bond (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date; (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto; (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Series 2025 Bonds for redemption, to and including the date of such mailing; or (iv) at any time following the mailing of notice calling such Series 2025 Bond for redemption.

## **Tax-Exempt Status**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2025 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel notes that interest on the Series 2025 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2025 Bonds is exempt from State of Utah individual income taxes.

See “TAX MATTERS” in this Official Statement. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2025 Bonds.

## **Conditions of Delivery, Anticipated Date, Manner, and Place of Delivery**

The Series 2025 Bonds are offered, subject to prior sale, when, as, and if issued and received by Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”), subject to the approval of legality by Gilmore & Bell, P.C., Bond Counsel to the City, and certain other conditions. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to the City. Certain matters will be passed upon for the Underwriter by Farnsworth Johnson PLLC. Certain legal matters will be passed on for the City by the City Attorney. LRB Public Finance Advisors, Inc. has served as municipal advisor to the City in connection with the issuance of the Series 2025 Bonds. See “LEGAL MATTERS” below. It is expected that the Series 2025 Bonds in book-entry form will be available for delivery on or about August 21, 2025.

## **Basic Documentation**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the City, the System, the Series 2025 Bonds, and the Indenture are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture are qualified in their entirety by reference to such document, and references herein to the Series 2025 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the information with respect thereto included in the aforementioned document, copies of which are available for inspection at the principal office of the Trustee on or after the delivery of the Series 2025 Bonds. During the period of the offering of the Series 2025 Bonds, copies of the form of such document will be available from the “Contact Persons” as indicated below. Also see “APPENDIX B—EXCERPTS OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE” below.

## **Contact Persons**

The chief contact person for the City concerning the Series 2025 Bonds is:

Mariah Hill  
Administrative Services Director  
7505 South Holden Street  
Midvale, Utah 84047  
Telephone: (801) 567-7206  
mhill@midvaleut.gov

Additional requests for information may be directed to the City’s Municipal Advisor as follows:

Laura Lewis  
Principal  
LRB Public Finance Advisors, Inc.  
41 North Rio Grande, Suite 101  
Salt Lake City, Utah 84101  
Telephone: (801) 596-0700  
laura@lrbfinance.com

## **BOND INSURANCE**

### **Bond Insurance Policy**

Concurrently with the issuance of the Series 2025 Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Series 2025 Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Series 2025 Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

## **Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.bambonds.com](http://www.bambonds.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2025 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2025 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2025 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2025 Bonds, nor does it guarantee that the rating on the Series 2025 Bonds will not be revised or withdrawn.

### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$482.1 million, \$246.4 million and \$235.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2025 Bonds or the advisability of investing in the Series 2025 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE."

### *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2025 Bonds, and the Issuer and Underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2025 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2025 Bonds, whether at the initial offering or otherwise.

## **THE SERIES 2025 BONDS**

### **General**

The Series 2025 Bonds are dated the date of their initial delivery and, except as otherwise provided in the Indenture, shall bear interest from said date. Interest on the Series 2025 Bonds will be payable semiannually on April 1 and October 1 of each year commencing April 1, 2026. Interest on the Series 2025 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2025 Bonds will be issued as fully registered Series 2025 Bonds, initially in book-entry form, in denominations of \$5,000 or any integral multiple thereof, not exceeding the amount of each maturity.

The Series 2025 Bonds shall bear interest at the rates and shall mature annually in each of the years as set forth inside the front cover of this Official Statement.

The Series 2025 Bonds are special limited obligations of the City, payable solely from the Net Revenues, moneys, securities, and funds pledged therefor in the Indenture. Neither the credit nor the taxing power of the City, the State or any agency, instrumentality, or political subdivision thereof is pledged for the payment of the principal of, premium, if any, or interest on the Series 2025 Bonds. The Series 2025 Bonds are not general obligations of the City or the State or any agency, instrumentality, or political subdivision thereof. The issuance of the Series 2025 Bonds shall not directly, indirectly, or contingently obligate the City or the State or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the Series 2025 Bonds.

Interest on the Series 2025 Bonds will be paid on each Interest Payment Date to the registered owner thereof (initially DTC) who is the registered owner at the close of business on the Regular Record Date for such interest, which shall be the fifteenth day (whether or not a business day) next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner of any Series 2025 Bonds on such Regular Record Date, and may be paid to the registered owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof to be given to such registered owner not less than ten days prior to such Special Record Date. The principal of and premium, if any, on the Series 2025 Bonds are payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee. Interest shall be paid by check or draft mailed on each Interest Payment Date to the registered owner (initially DTC) of each of the Series 2025 Bonds as the name and address of such registered owner appear on the record date in the Register.

## Redemption

Optional Redemption. The Series 2025 Bonds maturing on or prior to October 1, 20\_\_\_\_, are not subject to redemption prior to maturity. The Series 2025 Bonds maturing on or after October 1, 20\_\_\_\_, are subject to redemption prior to maturity at the option of the City in whole or in part on any Business Day on and after October 1, 20\_\_\_\_, at the redemption price of 100% of the principal amount of the Series 2025 Bonds to be redeemed plus accrued interest to the date of redemption (but without premium).

[Mandatory Sinking Fund Redemption. The Series 2025 Bonds maturing on October 1, 20\_\_\_\_, are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date on the dates and in the principal amounts as follows:

Mandatory Sinking Fund  
Redemption Date  
(October 1)

Mandatory Sinking Fund  
Redemption Amount

---

\* Final Maturity Date

Upon redemption of any Series 2025 Bonds maturing on October 1, 20\_\_\_\_ other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts for the Series 2025 Bonds maturing on October 1, 20\_\_\_\_, in such order of mandatory sinking fund date as shall be directed by the City.]

Notice of Redemption. In the event any of the Series 2025 Bonds are called for redemption as aforesaid, notice thereof identifying the Series 2025 Bonds to be redeemed will be given by the Trustee, by mailing a copy of the redemption notice by registered or certified mail not less than 30 nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Series 2025 Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2025 Bond with respect to which no such failure has occurred. Any notice mailed as provided in this paragraph shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice. After the notice shall have been given, the City shall deposit with, or otherwise make available to, the Trustee the funds required for the redemption of the Series 2025 Bonds to be redeemed, including accrued interest to the redemption date, at least five days before the date fixed for such redemption. All Series 2025 Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit with the Trustee at that time.

If at the time of mailing of any notice of redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Series 2025 Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business five days prior to the redemption date and that such notice shall be of no effect unless such moneys are so deposited.

Selection for Redemption. If fewer than all the Series 2025 Bonds are to be redeemed, the particular Series 2025 Bonds or portions of Series 2025 Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. In case any Series 2025 Bond shall be redeemed in part only, upon the presentation of such Series 2025 Bond for such partial redemption the City shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the City, a Bond or Bonds of the same series, interest rate, and maturity, in aggregate principal amount equal to the unredeemed portion of such Series 2025 Bond. The portion of any Series 2025 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof and in selecting portions of such Series 2025 Bonds for redemption, each such Series 2025 Bond shall be treated as representing that number of Series 2025 Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Series 2025 Bonds by \$5,000.



**Book-Entry Only System**

The Series 2025 Bonds originally will be issued solely in book-entry form to The Depository Trust Company (“DTC”) or its nominee, Cede & Co., to be held in DTC’s book-entry only system. So long as such Series 2025 Bonds are held in the book-entry only system, DTC or its nominee will be the registered owner or Holder of such Series 2025 Bonds for all purposes of the Indenture, the Series 2025 Bonds and this Official Statement. Purchases of beneficial ownership interests in the Series 2025 Bonds may be made in the denominations described above. For a description of the book-entry system for the Series 2025 Bonds, see “APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM.”

**THE PROJECT**

A portion of the proceeds of the Series 2025 Bonds will be used to finance the construction of a new public works facility that is intended to meet current and future capacity requirements for storage, office space, fleet maintenance, and general operations of the City Public Works department including; a decant station, approximately 21,600 square feet of covered vehicle and equipment storage, approximately 4,300 square feet of climatized vehicle and equipment storage, an approximately 10,500-square-foot repair shop and vehicle and equipment storage adjacent to a truck/vehicle wash, and approximately 13,500 square feet of office space. The total cost of the Project will be approximately \$23 million; the City plans to contribute approximately \$8 million towards this cost. The Project is planned to start in the fall of 2025 and be completed in the fall of 2027.

**ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds in connection with the issuance of the Series 2025 Bonds are estimated to be as follows:

**Sources of Funds**

Par Amount of Series 2025 Bonds .....	\$
[Net] Reoffering Premium.....	
Total Sources .....	<u>\$</u>

**Uses of Funds**

Deposit to Series 2025 Acquisition/Construction Account.....	\$
Costs of Issuance <sup>(1)</sup> .....	
Total Uses .....	<u>\$</u>

<sup>(1)</sup> Includes underwriter’s discount, Policy premium, legal and Trustee fees and expenses, and other costs incurred in connection with the issuance of the Series 2025 Bonds.

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## DEBT SERVICE SCHEDULE

The following table sets forth the debt service requirements of the Series 2025 Bonds and the Outstanding Parity Bonds. Amounts have been rounded.

Fiscal Year	Series 2025 Bonds		Total Principal and Interest	Outstanding	Fiscal Total
	<u>Principal*</u>	<u>Interest</u>		Parity Bonds <sup>(1)</sup>	
2026	—			\$2,834,648	
2027	\$100,000			2,839,996	
2028	100,000			2,710,490	
2029	295,000			2,705,905	
2030	310,000			2,501,015	
2031	330,000			1,994,720	
2032	345,000			1,476,200	
2033	365,000			1,475,775	
2034	380,000			1,071,700	
2035	400,000			1,071,700	
2036	420,000			1,070,200	
2037	445,000			1,069,738	
2038	470,000			1,070,025	
2039	495,000			1,073,513	
2040	520,000			1,070,563	
2041	550,000			1,073,500	
2042	580,000			1,071,404	
2043	610,000			1,071,997	
2044	640,000			1,071,182	
2045	675,000			685,325	
2046	715,000			684,563	
2047	750,000			682,675	
2048	790,000			684,550	
2049	835,000			685,075	
2050	880,000			—	
2051	930,000			—	
2052	980,000			—	
2053	1,035,000			—	
2054	1,095,000			—	
2055	1,155,000			—	
2056	—			—	
Total	<u>\$17,195,000*</u>			<u>\$33,746,459</u>	

<sup>(1)</sup> Includes principal and interest.

\* Preliminary; subject to change.

(Source: The Municipal Advisor.)

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## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **General**

The Series 2025 Bonds will be payable from and secured solely by a pledge and assignment of the Net Revenues from the System and moneys on deposit in the funds and accounts (other than the Rebate Fund and the Repair and Replacement Fund) held by the Trustee under the Indenture. The Series 2025 Bonds will be special limited obligations of the City, payable solely from the Net Revenues of the System. Neither the credit nor the taxing power of the City or the State or any agency, instrumentality, or political subdivision thereof is pledged for the payment of the principal of, premium, if any, or interest on the Series 2025 Bonds. The Series 2025 Bonds are not general obligations of the City, the State or any agency, instrumentality, or political subdivision thereof. The issuance of the Series 2025 Bonds shall not directly, indirectly, or contingently obligate the City or the State or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the Series 2025 Bonds.

### **No Debt Service Reserve Fund**

No Debt Service Reserve Fund will be funded with respect to the Series 2025 Bonds.

### **Rate Covenant**

The City covenants in the Indenture that while any of the principal and interest payments on the Series 2025 Bonds are outstanding, or any Reserve Instrument Repayment Obligations are outstanding, the rates and fees for all services supplied by the System to the City and to its inhabitants and to all customers of the City with respect to the System within or without the boundaries of the City will be sufficient (i) to pay the System's Operation and Maintenance Expenses and (ii) to provide for each Bond Fund Year Net Revenues in an amount not less than 125% of the Aggregate Annual Debt Service Requirement for the forthcoming Bond Fund Year, plus an amount sufficient to fund the Debt Service Reserve Fund in the time, rate and manner specified in the Indenture, or if a Reserve Instrument shall be in effect with respect to any outstanding Bonds, the Reserve Instrument Repayment Obligations which the City anticipates will be due and payable for the forthcoming Bond Fund Year, provided that such rates must be reasonable rates for the type, kind, and character of the services rendered. The City agrees that should its annual financial statement made in accordance with the provisions of the Indenture disclose that during the period covered by such financial statement the Net Revenues were not at least equal to the above requirement, the City shall request that a Qualified Engineer make recommendations as to the revision of the rates, charges and fees and that the City on the basis of such recommendations will revise the schedule of rates, charges and fees insofar as is practicable and further revise Operation and Maintenance Expenses so as to produce the necessary Net Revenues as required in the Indenture.

### **Flow of Funds**

All Revenues shall be deposited in the Revenue Fund and shall be accounted for by the City separate and apart from all other moneys of the City.

As a first charge and lien on the Revenues, the City shall cause to be paid from the Revenue Fund from time to time as the City shall determine, all Operation and Maintenance Expenses of the System as the same become due and payable, and thereupon such expenses shall be promptly paid.

So long as any Bonds are Outstanding, as a second charge and lien on the Revenues after payment of Operation and Maintenance Expenses, i.e., from the Net Revenues, the City shall, at least fifteen days before each Interest Payment Date, transfer from the Revenue Fund to the Trustee for and deposit into the Bond Fund an amount equal to:

- (i) the interest falling due on the Bonds on the next succeeding Interest Payment Date established for the Bonds (provided, however, that so long as there are moneys representing capitalized interest on deposit with the Trustee to pay interest on the Bonds next coming due, the City need not transfer moneys to the Trustee to pay interest on the Bonds); plus

(ii) the Principal and premium, if any, falling due on the next succeeding Interest Payment Date established for the Bonds; plus

(iii) the Sinking Fund Installment, if any, falling due on the next succeeding Interest Payment Date, the sum of which shall be sufficient, when added to the existing balance in the Bond Fund, to pay the Principal of, premium, if any, and interest on the Bonds promptly on each such Interest Payment Date as the same become due and payable.

As a third charge and lien on the Net Revenues (on a parity basis), the City shall make the following transfers to the Trustee on or before the fifteenth day of each month of each year:

(i) To the extent the Debt Service Reserve Requirement, if any, is not funded with a Reserve Instrument or Instruments, (A) to the account(s) in the Debt Service Reserve Fund any amounts required hereby and by any Supplemental Indenture to accumulate therein the applicable Debt Service Reserve Requirement with respect to each Series of Bonds at the times and in the amounts provided herein and in any Supplemental Indenture and (B) if moneys shall have been withdrawn from an account in the Debt Service Reserve Fund or any account in the Debt Service Reserve Fund is at any time funded in an amount less than the applicable Debt Service Reserve Requirement, moneys sufficient in amount to restore such account(s) within one Year with twelve substantially equal payments during such period (unless otherwise provided for by the Supplemental Indenture governing the applicable Debt Service Reserve Requirement); or a ratable portion (based on the amount to be transferred pursuant to (ii) below) of remaining Net Revenues if less than the full amount necessary; and

(ii) Equally and ratably to the account(s) of the Reserve Instrument Fund, with respect to all Reserve Instruments which are in effect, such amount or a ratable portion (based on the amount to be transferred pursuant to (i) above) if less than the full amount necessary, that is required to be paid, on or before the next such monthly transfer or deposit of Net Revenues into the Reserve Instrument Fund, to the Reserve Instrument Provider pursuant to any Reserve Instrument Agreement, other than Reserve Instrument Costs, to cause the Reserve Instrument Coverage to equal the Reserve Instrument Limit within one Year from any draw date under the Reserve Instrument.

As a fourth charge and lien on the Net Revenues, the City shall deposit in the Repair and Replacement Fund any amount required hereby and by any Supplemental Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding from time to time, the City shall deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Net Revenues of the System after payments required above have been made until there is on deposit in the Repair and Replacement Fund an amount equal to the Repair and Replacement Reserve Requirement. This provision is not intended to limit, and shall not limit, the right of the City to deposit additional moneys in the Repair and Replacement Fund from time to time as the City may determine.

The Net Revenues remaining after the foregoing deposits and transfers and not required to be used for remedying any deficiencies in payments previously made into the funds established in the Indenture, may be used at any time for any of the following:

- (i) redemption of Bonds;
- (ii) refinancing, refunding, or advance refunding of any Bonds;
- (iii) deposit to the Rate Stabilization Fund; or
- (iv) any other lawful purpose.

## **Outstanding Parity Bonds**

The City issued the Outstanding Parity Bonds to finance improvements to the System. As of July 1, 2025, the Outstanding Parity Bonds are outstanding in the aggregate principal amount of \$24,391,000. The Outstanding Parity Bonds were issued pursuant to the terms of the General Indenture and are secured by Net Revenues on a parity with the Series 2025 Bonds.

## **Additional Bonds**

No additional indebtedness, Bonds or notes of the City payable on a priority to the pledge of Net Revenues for the payment of the Series 2025 Bonds and the Outstanding Parity Bonds shall be created or incurred without the prior written consent of the owners of 100% of the Outstanding Bonds. In addition, no Additional Bonds or other indebtedness, Bonds or notes of the City payable on a parity with the Series 2025 Bonds and the Outstanding Parity Bonds out of Net Revenues shall be created or incurred, unless the requirements of the Indenture have been satisfied. See “APPENDIX B—EXCERPTS OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE—The Bonds” for a list of the various requirements that need to be satisfied. The City currently has no plans to issue Additional Bonds within the next three years, but reserves the right to do so as its capital and debt structuring needs require.

## **MIDVALE CITY**

### **General**

The City was incorporated in 1909 and covers an area of approximately six square miles within Salt Lake County. The City is located approximately 10 miles south of Salt Lake City, Utah on Interstate 15 in the middle of the Salt Lake Valley. The U.S. Census Bureau estimated the City’s 2024 population to be 36,219. Persons living in the City have the advantages of living within the greater Salt Lake City metropolitan area with the concomitant industrial, commercial, educational, professional and cultural opportunities of a regional metropolitan center.

### **Form of Government**

Utah statutes detail the functions to be performed by Utah municipalities. The City is organized under general law and governed by a mayor and five councilmembers elected for staggered four-year terms. The mayor presides over all meetings but casts no vote in the council except in the event of a tie.

Department heads are full-time employees of the City and responsible for day-to-day operations within the policy framework of the governing body. They report to the mayor and council or their designee, currently the City Manager.

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Current members serving as Mayor, City Council and officers of the City and their respective years of service to the City are as follows:

<u>Office</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Term</u>
Mayor	Dustin Gettel	8 <sup>(a)</sup>	December 2025
Councilmember	Bonnie Billings	2	December 2027
Councilmember	Bryant Brown	8	December 2025
Councilmember	Paul Glover	21	December 2027
Councilmember	Denece Mikolash	<sup>(a)</sup>	December 2025
Councilmember	Heidi Robinson	6	December 2027
City Manager	Matt Dahl	8	Appointed
Assistant City Manager	Nate Rockwood	5	Appointed
Administrative Services Director	Mariah Hill	4	Appointed
City Attorney	Garrett Wilcox	9	Appointed
City Recorder	Rori Andreason	21	Appointed
Public Works Director	Glen Kennedy	7	Appointed

<sup>(a)</sup> Mr. Gettel's years of service include 7 years as a Councilmember. He was appointed mayor in late 2024 to fill a mid-term vacancy after the former mayor resigned. Ms. Mikolash was appointed Councilmember to fill the vacancy created by Mr. Gettel's appointment.

The principal powers and duties of Utah municipalities are to maintain law and order, abate nuisances, guard public health and sanitation, promote recreation, provide fire protection, and construct and maintain streets, sidewalks, waterworks, and sewers. Municipalities also regulate commercial and residential development within their boundaries by means of zoning ordinances, building codes and licensing procedures.

The City provides the following services: police protection, planning and engineering, code enforcement, street maintenance, traffic control, parks operation and maintenance, trails and recreation services, community development, general administrative services, storm water utility, water and sewer, emergency medical services and solid waste services. Fire service for the City is provided by Unified Fire Service Area, a separate taxing entity.

### **Employee Workforce and Retirement System**

The City employs approximately 96 full-time and 3 part-time employees. The City is a member of the Utah State Retirement Systems and participates in a deferred compensation plan. See "APPENDIX B— MIDVALE CITY, UTAH AUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024—Notes to the Financial Statements—Note 4: Detailed Notes for All Funds, Employee Retirement Systems and Pension Plans" herein.

The City records a liability and expense equal to its proportionate share of the collective net pension liability and expense of the Systems. More information can be found in Note 10, "Retirement Plan," of the City's audited financial statements. See "APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2024."

### **Other Post-Employment Benefits**

The City reports that it does not have any post-employment benefit liabilities.

### **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 and natural disasters. The City is a member agency in the Utah Local Government Insurance Trust (the "Trust") and pays an annual premium to the Trust for its general insurance coverage. The Trust was created as a Public Agency Insurance Mutual to provide insurance, claims, safety training, and risk management services to its more than 620 members. The Trust purchases reinsurance through the commercial markets for claims in excess of \$5,000,000 for property and casual risk and \$2,000,000 for workers compensation risk. As of June 30, 2024, there

was one open claim greater than \$50,000. See “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR’S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2024—Notes to the Financial Statements. 4. Detailed Notes for All Funds, *Risk Management*” herein.

## **Investment of Funds**

Investment of Operating Funds. *The Utah Money Management Act.* The Utah Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended (the “Money Management Act” or “MM Act”), governs the investment of all public funds held by public treasurers in the State. It establishes criteria for investment of public funds with an emphasis on safety, liquidity, yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The Money Management Act provides a limited list of approved investments including qualified in-state and permitted out-of-state financial institutions, approved government agency securities and investments in corporate securities carrying “top credit ratings.” The Money Management Act also provides for pre-qualification of broker dealers by requiring that broker dealers agree in writing to comply with the Money Management Act and certify that they have read and understand the Money Management Act. The Money Management Act establishes the Money Management Council (the “Money Management Council” or “MM Council”) to exercise oversight of public deposits and investments. The law requires all securities to be delivered versus payment to the public treasurer’s safekeeping bank. It requires diversification of investments, especially in securities of corporate issuers. Not more than 5% of the portfolio may be invested with any one issuer. Investments in mortgage pools and mortgage derivatives or any security making unscheduled periodic principal payments are prohibited. The Money Management Act also defines the State’s prudent investor rules. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The City is currently complying with all of the provisions of the MM Act for all City operating funds. As of fiscal year end June 30, 2024, approximately 87% of City investments are invested in the Utah Public Treasurers’ Investment Fund (“PTIF”), as discussed below. The remaining funds are held by Moreton Asset Management, LLC (“Moreton”), as third-party custodian in certificates of deposit, money market mutual funds, and other investments.

The Utah Public Treasurers’ Investment Fund. The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. The PTIF invests to ensure safety of principal, liquidity and a competitive rate of return. All moneys transferred to the PTIF are promptly invested in securities authorized by the MM Act. Safekeeping and audit controls for all investments owned by the PTIF must comply with the MM Act.

All investments in the PTIF must comply with the MM Act and rules of the MM Council. The PTIF invests only in securities authorized by the MM Act including time certificates of deposit, top-rated commercial paper and corporate notes, treasuries and certain agencies of the U.S. Government. The maximum weighted average adjusted life of the portfolio, by policy, is not to exceed 90 days. The maximum final maturity of any security purchased by the PTIF is limited to three years, except that a maximum maturity of five years is allowed for treasury or agency securities whose rate adjusts at least annually.

By law, investment transactions are conducted only through certified dealers, qualified depositories or directly with issuers of the securities. All securities purchased are delivered via payment to the custody of the State Treasurer or the State Treasurer’s safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the U.S. Government. These short-term securities must be rated “first tier” (“A1,” “P1,” for short-term investments and “A” or better for long-term investments) by two nationally recognized statistical rating organizations, one of which must be Moody’s or S&P. These securities represent limited risks to governmental institutions investing with the PTIF. Variable rate securities in the PTIF must have an index or rate formula that has a correlation of at least 94% of the effective Federal Funds rate.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the MM Council and is audited by the State Auditor. The PTIF itself is not rated.

As with the PTIF, all investments managed by Moreton must comply with the MM Act and rules of the MM Council. Securities in the City's portfolio are registered in the name of the City, are held by a third-party custodian, and include corporate bonds, U.S. government bonds, and Agency bonds. The maximum final maturity of any security purchased does not exceed five years. Securities purchased are coordinated to mature with ongoing cash expenditures of the city. Nationally recognized credit rating agencies have ratings issued on the investments that range from AA+ to BBB+.

See "APPENDIX A— AUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024—Notes to the Financial Statements—4. Detailed Notes for All Funds, *Cash and Investments.*"

## **THE SYSTEM**

### **General**

The System consists of the Water Facilities, the Sewer Facilities, and the Storm Water Facilities. The System is owned and operated by the City. The Water Facilities, the Sewer Facilities, and the Storm Water Facilities are considered one "System" under the Indenture.

With the exception of approximately 40 connections in the Union Park area of the City, water service is currently divided into three service areas that are supplied water either by City wells or the Jordan Valley Water Conservancy District ("JVWCD"). The City manages any new connections made within the City.

The Sewer Facilities only serve a portion of the City (about 49% of the area within City boundaries). Midvalley Improvement District, Cottonwood Improvement District and Sandy Suburban Improvement District provide sewer service to approximately 14,500, 4,400, and 2,500 City residents, respectively.

The City anticipates that the System will continue to expand in the future to include an area known as "Jordan Bluffs." The City expects that completion of this development will add commercial and retail development, as well as 3,600 residents that will be serviced by the System. However, the City cannot predict with certainty when and if such development will occur.

### **The Water Facilities**

General. The Water Facilities are comprised of approximately 132 miles of transmission lines, two water storage tanks that have an aggregate capacity of 6.5 million gallons, and three wells. The age of the distribution system varies from one year to approximately 60 years. On the average, the Water Facilities are approximately 35 years old and have a useful life of approximately 50 years. The Water Facilities are comprised of three pressure zones. The City presently purchases approximately 53% of its water and produces the remaining 47% from wells that the City owns. The City delivers the water to the various pressure zones and the water storage tanks serving the zones.

Sources and Supplies of Water. The City currently receives approximately 53% of its water from the JVWCD pursuant to a Water Purchase Agreement dated as of June 5, 2019, as amended (the "Jordan Valley Water Purchase Agreement"), between the City and JVWCD. Pursuant to the Jordan Valley Water Purchase Agreement, JVWCD agrees to sell and deliver and the City agrees to buy a minimum 3,085 acre-feet (AF) of water annually. Although the term of the Jordan Valley Water Purchase Agreement is perpetual in nature, the parties have the right to amend or terminate the Jordan Valley Water Purchase Agreement at any time upon their mutual, written consent.

The City has the right to purchase more water than the volume amounts set forth above. However, the City cannot increase its annual demand above the allocated amount by more than twenty percent of the City's allocation annually, without first receiving express consent from JVWCD. The City currently pays \$551.54 per AF for all water delivered to the City. In addition, the City must pay a flat meter fee based on meter size for each wholesale meter



actively serving the City, regardless of the amount of water delivered to the City. The current flat charges, based upon current meter sizes, total \$810 per month. All amounts are billed monthly and are due within 30 days.

JVWCD is primarily a wholesale provider of water to ten cities (including the City), two water companies, five improvement districts, two additional wholesale users, and JVWCD contracts with four other agencies not within JVWCD service boundaries. JVWCD obtains its water from a variety of sources. It has firm contracts with several irrigation companies holding water rights in southeast Salt Lake County, purchases water from the Central Utah Water Conservancy District, purchases surplus water from Metropolitan Water District of Salt Lake and Sandy, and pumps its own wells and springs.

JVWCD has always met the water demands of the City and has never failed to deliver water when requested. The quality of water delivered by JVWCD, as well as the water produced by the City is monitored by the State Health Department through periodic sampling and meets all state and federal water quality standards.

The table below sets forth the amount of water purchased from JVWCD and Sandy City and the rates and charges paid for the years shown. The City notes that it phased out water purchases from Sandy City in fiscal year 2018-2019 and currently sources its water from solely from JVWCD and the City's own wells. Due to this phase out and the JVWCD Retail Area Acquisition Project, City purchases of water from JVWCD have increased to meet the City's water demands.

Fiscal Year	<i>JVWCD</i>		<i>Sandy City</i>	
	Water Purchased	Cost of Purchased Summer/Winter	Water Purchased	Cost of Purchased Summer/Winter
	(af)	Water (\$/af)	(af)	Water (\$/af)
2014-2015	150	412.08/329.66	1,915.7	360/360
2015-2016	150	420.30/336.24	1,972.3	388/388
2016-2017	150	416.99/333.59	1,904.2	388/388
2017-2018	229	425.95/340.76	1,922	388/388
2018-2019	1,048	377.46/377.46	967.8	397/397
2019/2020	3,512	381.05/381.05	—	—
2020-2021	3,253	413.81/413.81	—	—
2021-2022	2,760	449.14/449.14	—	—
2022-2023	3,401	501.34/501.34	—	—
2023-2024	3,059	523.68/523.68	—	—
2024-2025	2,450 <sup>(1)</sup>	551.54/551.54	—	—

<sup>(1)</sup> Through March 2025.

(Source: The City)

The City also owns wells which produce approximately 47% of the water supply for the Water Facilities. The acquisition and development of these wells was financed in part with the proceeds of bonds previously issued by the City. The City's active wells are described below. The City has two other wells which have been inactive since 2010.

*Hancock Well.* This well is located at 950 East 8800 South in Sandy, Utah. The well produces approximately 4.18 cubic feet per second ("cfs").

*Million Gallon Reservoir Well.* This well is located at 950 East 8800 South in Sandy, Utah. The well produces approximately 4.67 cfs.

*Oak Street Well.* This well is located at 7967 South Oak Street in Midvale. The well produces approximately 2.01 cfs.

Water Rights, Licenses, Permits, Approvals and Environmental Considerations. The City has obtained all necessary state and local licenses, permits and approvals to operate the Water Facilities.

Environmental Matters. The City reports that the Water Facilities are currently in compliance with the provisions of all environmental laws and regulations applicable to its operations, including, but not limited to, the Safe Drinking Water Act of 1986 and the Utah Safe Drinking Water Act and laws and regulations applicable to disposal of solid and hazardous waste. The Water Facilities also are in compliance with all environmental, health and safety laws and regulations applicable to the use and disposal of chemicals used by the Water Facilities to make water drinkable.

Water Connections. The following table shows the number of water connections for the years shown:

<u>Calendar Year</u>	<u>Residential</u>	<u>Commercial/ Industrial</u>	<u>Water Connections</u>	<u>Percentage Increase</u>
2014	5,885	1,180	7,065	4.0%
2015	5,995	1,147	7,142	1.1
2016	6,056	1,225	7,281	1.9
2017	6,084	1,301	7,385	1.4
2018	6,082	1,268	7,350	(0.5)
2019	6,528	1,279	7,807	6.2
2020	6,574	1,405	7,979	2.2
2021	6,550	1,479	8,029	0.6
2022	6,908	1,134	8,042	0.2
2023	7,093	949	8,042	0.0
2024	7,126	949	8,075	0.4

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(Source: The City.)

Water Usage. The following tables set forth the water usage by amounts consumed and billed by the City for the years shown:

<u>Fiscal Year</u>	<u>Water Consumed (a/f)</u>	<u>Water Billed (a/f)</u>	<u>Percentage Billed</u>
2014	5,080	4,671	91.9%
2015	5,355	5,048	94.3
2016	5,357	5,106	95.3
2017	5,664	4,939	87.2
2018	6,113	5,246	85.8
2019	5,660	4,223	74.6
2020	6,908	6,629	96.0
2021	5,948	5,392	90.6
2022	5,902	5,194	87.7
2023	5,870	5,234	84.5
2024	6,330	5,473	86.5

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(Source: The City.)

Major Water Users. The major users of the Water Facilities for the fiscal year 2024 are set forth on the following table:

<u>Name of User</u>	<u>Revenues</u>	<u>% of Total Revenues<sup>(1)</sup></u>
Canyons School District (school)	\$44,017	0.6%
D Midvale LLC (hotel)	40,198	0.6
JB 1 Holdings LLC (apartments)	37,293	0.5
Rocket Properties Midvale, LLC (car wash)	30,484	0.4
Pinehurst Holdings LLC (apartments)	27,768	0.4
JF Union Partners, LLC (apartments)	26,000	0.4
RIII TIG Chelsea Owner, LLC (apartments)	22,750	0.4
FIC Brighton LLC (apartments)	19,812	0.3
Highland Ridge Hospital (hospital)	19,194	0.3
Salt Lake County (government – landscaping)	19,102	0.3
The Cottages @ 9 <sup>th</sup> East (apartments)	18,757	0.3
Total	<u>\$305,375</u>	<u>4.5%</u>

<sup>(1)</sup> Based on fiscal year 2024 Water Facilities water sales of \$6,538,294.  
(Source: The City.)

Water Rates. The City has three service areas. Service Area 1 is the original pre-annexation City boundaries, roughly State Street to 700 West. Service Area 2 is the western area of the City, formerly undeveloped sites (Jordan Bluffs and Bingham Junction). Service Area 3 is the eastern area of the City, served by Sandy City until June of 2009. Service Areas 1 and 2 use water produced by City wells and purchased from JWCD. Service Area 3 uses water purchased from JWCD. In 2021, the City Council adopted a five-year rate increase plan which culminated with all three service areas having the same rates. Beginning July 1, 2025 (fiscal year 2026), the City implemented the single rate schedule for all Service Areas as shown below. The City is also moving to a continuous rate modeling software to help determine rates and service needs and it is anticipated that additional rate increases will be implemented as needed.

The City has a tiered system of water usage fees based on water consumption. Customers are billed a base fee based on service area for a connection plus a usage fee for any and all water consumed. A lifeline discount of 45% is available to customers on the base fee if they qualify for the Salt Lake County Circuit Breaker property tax relief (referred to above as “Circuit Breaker”). Fireline service is an additional \$10.15 per month.

#### BASE RATES

<u>Meter size</u>	<u>All Service Areas</u>
3/4”	30.00
1”	41.99
1.5”	54.01
2”	86.97
3”	329.88
4”	419.83
6”	629.78
8”	870.00

WATER CONSUMPTION TIERS  
(All Service Areas)  
(Per Thousand Gallons)

<i>Meter Size</i>	<u>Tier 1</u> <u>Max.</u> <sup>(1)</sup>	<u>Tier 2</u> <u>Min.</u> <sup>(1)</sup>	<u>Max.</u> <sup>(1)</sup>	<u>Tier 3</u> <u>Min.</u> <sup>(1)</sup>	<u>Max.</u> <sup>(1)</sup>	<u>Tier 4</u> <u>Min.</u> <sup>(1)</sup>	<u>Max.</u> <sup>(1)</sup>
3/4"	12.0	12.1	55.0	55.1	98.0	98.1	<i>None</i>
1"	20.0	20.1	92.0	92.1	164.0	164.1	<i>None</i>
1.5"	40.0	40.1	183.0	183.1	326.0	326.1	<i>None</i>
2"	64.0	64.1	293.0	293.1	522.0	522.1	<i>None</i>
3"	120.0	120.1	550.0	550.1	980.0	980.1	<i>None</i>
4"	240.0	240.1	1,100.0	1,100.1	1,960.0	1,960.1	<i>None</i>
6"	500.0	500.1	2,292.0	2,292.1	4,084.0	4,084.1	<i>None</i>
8"	640.0	640.1	2,933.0	2,933.1	5,226.0	5,226.1	<i>None</i>

<sup>(1)</sup> "Max." is maximum amount of water usage allowed for that tier. "Min." is minimum usage for that tier.

Water Consumption Charge  
(per Thousand Gallons) All Service Areas

Tier 1	\$1.95
Tier 2	2.43
Tier 3	2.80
Tier 4	2.96

The following chart lists the comparable monthly water bills during the peak period (June to September) and the off-peak period (October – May) in 2024-2025 for various local governmental entities within Salt Lake County.

Comparable Monthly Water Bills

<u>City/Area</u>	<u>Peak Use (34,000 Gallons)</u>	<u>Off- Peak Use (13,000 Gallons)</u>
Draper	\$154.02	\$69.46
Salt Lake County	199.05	68.90
Herriman	121.46	62.69
West Jordan	142.39	60.28
South Jordan	114.91	59.71
Sandy	116.02	56.53
Riverton	153.85	54.18
Midvale - SA #2	100.82	52.94
Midvale - SA #3	100.11	52.23
Midvale - SA #1	99.09	51.21
Salt Lake City	147.33	51.03
Bluffdale	125.5	50.95
South Salt Lake	140.25	49.00
Murray	74.76	36.83
Jordan Valley	107.82	31.26

(Source: The City.)

Construction Water Use. A meter will be supplied by the City for construction purposes upon receipt of a meter deposit (currently \$1,800). The water user will be charged at the rate of \$3.50 per thousand gallons of metered water taken through a fire hydrant. No fire department will be charged for water taken in furtherance of efforts to protect persons or property or to otherwise carry out normal operations of the fire department.

The City also charges connection and meter fees for connecting to the Water Facilities. The connection fee is the cost of placing a water line and the meter fees are for purchasing and place a water line. The connection fee cannot be higher than the fee justified by a connection fee analysis. The following table shows the range of fees for single family residences charged by the City.

<u>Type</u>	<u>Fee</u>	<u>Description</u>
¾" Meter Fee	\$1,660	City Installed
1" Meter Fee	\$1,970	City Installed
1 ½" & up Meter Fee	cost of meter + \$200 inspection fee	Inspection Fee
Fire Service	\$250 inspection fee	Inspection Fee
¾" or 1" Connection Fee	\$4,700	City installed on City road
¾" or 1" Connection Fee	\$68,000	City installed on UDOT road
1 ½" & up Connection Fee	cost of labor, equipment, & parts	City installed

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(Source: The City)

### **The Sewer Facilities**

General. The Sewer Facilities presently consist of approximately 36 miles of 3-inch to 36-inch interceptors and collectors. All of the City's wastewater is treated by the South Valley Water Reclamation Facility (SVWRF). The City currently owns 6.16% capacity rights in the SVWRF, or 3.08 MGD. SVWRF has the capacity to treat flows up to 50 million gallons per day ("MGD"). The SVWRF is currently operating at 38% of its rated capacity.

South Valley Water Reclamation Facility. The City has entered into an interlocal agreement (the "Interlocal Agreement") with four other local governmental entities in order to form an entity known as the South Valley Water Reclamation Facility (SVWRF). SVWRF was formed for the purpose of constructing, operating and maintaining a regional sewage treatment facility. Each of the entities that is a party to the Interlocal Agreement has capacity rights in the SVWRF. Currently, the City has 6.16% of the facility's capacity rights, or 3.08 MGD. All operating and capital expenditures of SVWRF are billed to each of the entities based upon the entities utilization. Such payments to the South Valley Facility are operational expenses of the individual entity. The Interlocal Agreement has a term of 50 years from the date of last amendment, with the latest amendment occurring in March 2014.

Service Connections. The following table sets forth the actual number of service connections and flows to the Sewer Facilities for the years shown:

<u>Calendar</u> <u>Year</u>	<u>Residential</u>	<u>Commercial/</u> <u>Industrial</u>	<u>Total</u> <u>Connections</u>	<u>Percent</u> <u>Change from</u> <u>Prior Year</u>	<u>Peak Daily</u> <u>Flows</u> <u>(MGD)</u>	<u>Average</u> <u>Daily Flows</u> <u>(MGD)</u>
2014	2,027	492	2,789	4.1	1.34	0.91
2015	2,307	559	2,866	2.8	1.10	0.96
2016	2,348	591	2,939	1.0	1.09	0.95
2017	2,370	601	2,971	1.1	1.10	0.96
2018	2,381	603	2,984	0.4	1.04	0.98
2019	2,371	616	2,987	0.1	1.03	1.05
2020	2,373	627	3,000	0.4	1.05	1.07
2021	2,363	644	3,007	0.2	1.30	1.30
2022	2,333	680	3,013	0.2	1.32	1.23
2023	2,332	677	3,009	-0.1	1.33	1.34
2024	2,356	678	3,034	0.7	1.46	1.36

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(Source: The City.)

Major Users of the Sewer Facilities. The following table sets forth the largest users of the Sewer Facilities and the approximate revenues derived by the City from sewer services to those users for the fiscal year 2024:

<u>Name of User</u>	<u>Revenues</u>	<u>Percent of Total</u> <sup>(1)</sup>
JB 1 Holdings, LLC (apartments)	\$142,446	4.1%
JF Union Partners, LLC (apartments)	75,551	2.2
Station at Midvale LLC (apartments)	71,706	2.1
D Midvale LLC (hotel)	71,125	2.0
Napean Capital Group, LLC (hotel)	62,664	1.8
KB Midvale Hotel LLC (hotel)	46,572	1.3
RIII TIG Chelsea Owner, LLC (apartments)	45,877	1.3
Riverwalk II Hotel LLC (hotel)	36,286	1.0
Midvale Lodging, LLC (hotel)	34,970	1.0
Kimpton Square Apartments (apartments)	<u>30,779</u>	<u>0.9</u>
Total	<u>\$617,976</u>	<u>17.8%</u>

<sup>(1)</sup> Based on fiscal year 2024 Sewer Facilities charges of \$3,474,293.  
(Source: The City.)

Sewer Facilities Rates and Charges. Residential, commercial and industrial customers pay a base rate plus a usage fee per 1,000 gallons of average winter water usage. A summary of the sewer rates as of July 1, 2025, is shown below.

	<u>Rate/Fee</u>
Single Dwelling	
Base fee	\$37.38
Usage fee per 1,000 gallons of average winter water usage	3.14
Multi-Dwelling	
Base fee – First Unit	37.38
Additional Unit (Each)	31.07
Usage fee per 1,000 gallons of average winter water usage	3.14

Current sewer connection fees for sewer service are as follows:

<u>Type</u>	<u>Fee</u>
<i>4" Connection</i>	
First Unit	\$500
Second Unit	200
<i>6" Connection</i>	
First Unit	700
Second Unit	200

Sewer Rate Comparison. The following chart lists the comparable average monthly sewer bills for 2025, based on 13,000 gallons of water used for various local governmental entities within Salt Lake County.

Comparable Sewer Bills

<u>City/Area</u>	<u>Monthly Bill</u>
South Salt Lake	\$130.00
Salt Lake City	91.78
Murray	77.72
Midvale	72.44
West Jordan	48.65
Granger-Hunter*	39.68
Jordan Basin Improvement District <sup>(a)</sup> <sup>(b)</sup>	38.00
Midvalley Improvement District <sup>(a)</sup>	27.90
Cottonwood Improvement District <sup>(a)</sup>	24.00

<sup>(a)</sup> These entities have taxing authority.

<sup>(b)</sup> Jordan Basin Improvement District (formerly known as the South Valley Sewer District) serves the following cities: South Jordan, Riverton, Herriman, Bluffdale, Draper, and part of Sandy.

(Source: The City.)

Required Permits. A Utah Pollution Discharge Elimination System Permit (the “UPDES Permit”) is required in order to operate the SVWRF. The SVWRF UPDES permit is current through the end of 2026. The State’s Division of Water Quality is still finalizing compliance requirements for all sewer treatment facilities in Utah. SVWRF is generally aware of what those requirements are and is currently in compliance.

**The Storm Water Facilities**

Description. The Storm Water Facilities consists of approximately 88 miles of piped and open channels. Of those 88 miles, approximately 5% of storm water is conveyed through open channels that are shared with irrigation water for a period of five to six months each year. System pipe sizes range from 12” to 54” in diameter, with the majority of the piping averaging 24” in diameter. The Storm Water Facilities include four detention areas, one of which is a multi-use facility with turf grass that can be used by the public for recreation. All storm water is conveyed by gravity through the Storm Water Facilities to the receiving waters, which include the East Jordan Canal, Salt Lake and Jordan Canals, Little Cottonwood Creek, and the Jordan River, which is down-gradient and runs along the entire west boundary of the City.

Rates. The City currently imposes a rate of \$9.36 per residence (ERU = 3,000 square feet) for services provided by the Storm Water Facilities. Commercial properties are calculated based on the amount of impervious surface area divided by 3,000 resulting in the number of ERUs it is assessed.

Historical Storm Water Facilities Rates. The following table sets forth the rates for the Storm Water Facilities for the years shown. Rates are based on an Equivalent Residential Unit (“ERU”) basis. An ERU is equal to 3,000 square feet of impervious surface area. This is based on an average single-family residential parcel, which has an impervious surface of 3,000 square feet.

<u>Fiscal Year</u>	<u>Rate</u>	<u>Fiscal Year</u>	<u>Rate</u>
2025	\$9.36	2019	\$8.00
2024	9.00	2018	8.00
2023	9.00	2017	8.00
2022	9.00	2016	7.62
2021	9.00	2015	7.62
2020	8.00		

(Source: The City.)

Storm Water Rate Comparison. The following table sets forth a comparison of storm water rates in 2025 for the City and certain other State municipalities.

Monthly Storm Water Rate Comparison

<u>City</u>	<u>Charge per ERU</u>
<i>Midvale</i>	<i>\$9.36</i>
South Jordan	9.02
Murray	8.25
Draper	7.00
Bluffdale	6.25
West Jordan	6.04
Sandy	6.00
West Valley City	6.00
Riverton	1.05

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(Source: The City.)

Largest Payers. The following table sets forth the largest payers of the fees charged for the services provided by the Storm Water Facilities for the fiscal year 2024.

Largest Payers of the Storm Water Facilities

<u>Entity</u>	<u>Type of Entity</u>	<u>ERU's</u>	<u>Revenue</u>	<u>% of Total Revenue</u> <sup>(a)</sup>
Intermountain Healthcare	Commercial	277.26	\$29,944	1.37%
Salt Lake County Public Works	Governmental	263.59	28,468	1.30
Overstock.com	Commercial	206.47	22,299	1.02
Wasatch Advantage Group	Apartments	181.00	19,548	0.89
JB1 Holdings, LLC	Apartments	145.72	15,738	0.72
Top Golf	Commercial	142.75	15,417	0.70
Wasatch Club Apartments	Apartments	135.60	14,645	0.67
Remington Holdings	Apartments	125.40	13,543	0.62
Canyons School District	School	122.61	13,242	0.60
Winco Foods	Retail	120.80	<u>13,046</u>	<u>0.59</u>
Total			<u>\$185,890</u>	<u>8.48%</u>

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<sup>(a)</sup> Based on fiscal year 2024 Storm Water Facilities revenues of \$2,192,849.  
(Source: The City.)

**Enforcement of Rates and Charges**

The City Council has adopted rules and regulations (the “City Regulations”). The City Regulations include a mandatory connection policy for each of the City’s service areas. The mandatory connection policy requires the owner of any property used for human occupancy, employment, recreation or other purposes which is situated within the City’s service areas to connect with the System and requires the construction of appropriate water and sewer facilities by residential developers.



### **Connection, Billing and Collection Procedures**

Pursuant to the City's mandatory connection policy, connection to the System is required. Connection fees are due when the building permit is secured.

Virtually all of the City's water customers are metered; meters are read monthly by the City. If for whatever reason a meter reading is not obtained, water usage is estimated and an appropriate adjustment is made in the bill when an accurate reading is available.

Bills for service charges are rendered monthly and are due when rendered. Customers are sent one bill including charges for all City utilities. Bills are delinquent when unpaid after approximately thirty days, at which time a 5% late charge is assessed. If payment is not made by the 60th day, service may be discontinued and a fee of \$50 charged before service is resumed. Billings are prepared each month and sent via regular mail unless the paperless option is selected by the resident. Payment is due by the due date each month.

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## HISTORICAL OPERATIONS AND PRO FORMA DEBT SERVICE COVERAGE

The following table sets forth the historical and pro forma operations of the System and the projected debt service coverage for the Series 2025 Bonds and the Outstanding Parity Bonds with regard to the System for the fiscal years ending June 30 shown below:

	-----Historical-----					-----Projected-----					
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Water Rev <sup>1</sup>	\$5,208,509	\$5,700,724	\$7,588,642	\$6,034,039	\$6,775,219	\$7,533,991	\$8,219,391	\$8,431,350	\$8,683,841	\$8,943,906	\$9,211,773
Sewer Rev <sup>2</sup>	2,635,025	2,810,880	3,071,693	3,373,084	3,727,364	4,557,462	4,291,256	4,392,621	4,524,100	4,659,523	4,799,008
Storm Water Rev <sup>3</sup>	<u>2,077,019</u>	<u>2,134,157</u>	<u>2,162,486</u>	<u>2,183,691</u>	<u>2,192,849</u>	<u>2,258,634</u>	<u>2,326,394</u>	<u>2,396,185</u>	<u>2,468,071</u>	<u>2,542,113</u>	<u>2,542,113</u>
<b>Total Operating Rev</b>	<b>9,920,553</b>	<b>10,645,761</b>	<b>12,822,821</b>	<b>11,590,814</b>	<b>12,695,432</b>	<b>14,350,087</b>	<b>14,837,041</b>	<b>15,220,157</b>	<b>15,676,012</b>	<b>16,145,542</b>	<b>16,552,895</b>
Water Operating Exp <sup>4,5</sup>	(3,748,115)	(3,722,281)	(4,151,071)	(4,460,893)	(4,643,444)	(4,332,125)	(4,783,420)	(4,844,886)	(5,110,666)	(5,393,482)	(5,470,502)
Sewer Operating Exp <sup>4,6</sup>	(2,157,893)	(2,259,270)	(2,476,245)	(2,916,689)	(3,145,179)	(3,056,789)	(3,231,714)	(3,055,485)	(3,163,842)	(3,276,345)	(3,393,167)
Storm Water Operating Exp <sup>4,7</sup>	<u>(1,464,052)</u>	<u>(1,457,803)</u>	<u>(1,520,114)</u>	<u>(1,655,421)</u>	<u>(1,890,437)</u>	<u>(1,947,150)</u>	<u>(2,005,565)</u>	<u>(2,065,732)</u>	<u>(2,127,703)</u>	<u>(2,191,535)</u>	<u>(2,191,535)</u>
<b>Total Operating Exp</b>	<b>(7,370,060)</b>	<b>(7,439,354)</b>	<b>(8,147,430)</b>	<b>(9,033,003)</b>	<b>(9,679,060)</b>	<b>(9,336,064)</b>	<b>(10,020,699)</b>	<b>(9,966,103)</b>	<b>(10,402,211)</b>	<b>(10,861,362)</b>	<b>(11,055,203)</b>
Water Non-Operating Rev	179,528	75,839	-	176,806	587,428	593,526	300,000	309,000	318,270	327,818	337,653
Sewer Non-Operating Rev	38,091	9,700	(1,632)	30,109	122,871	145,986	60,000	61,800	63,654	65,564	67,531
Storm Water											
Non-Operating Rev	<u>13,078</u>	<u>9,466</u>	<u>(2,968)</u>	<u>44,636</u>	<u>69,809</u>	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>
<b>Total Non-Operating Rev</b>	<b>230,697</b>	<b>95,005</b>	<b>(4,600)</b>	<b>251,551</b>	<b>780,108</b>	<b>748,012</b>	<b>368,500</b>	<b>379,300</b>	<b>390,424</b>	<b>401,882</b>	<b>413,683</b>
<b>Total Rev Available for Debt Service</b>	<b>2,781,190</b>	<b>3,301,412</b>	<b>4,670,791</b>	<b>2,809,362</b>	<b>3,796,480</b>	<b>5,762,036</b>	<b>5,184,842</b>	<b>5,633,354</b>	<b>5,664,225</b>	<b>5,686,062</b>	<b>5,911,375</b>
<b>Debt Service</b>											
Series 2007C	308,440	308,480	308,420	309,260	308,980	308,600	309,120	308,520	308,820	309,000	309,060
Series 2010A&B	681,703	489,701	-	-	-	-	-	-	-	-	-
Series 2012	127,100	128,171	128,126	127,994	126,775	127,498	128,105	127,596	-	-	-
Series 2013	202,612	184,832	-	-	-	-	-	-	-	-	-
Series 2014	228,519	203,575	-	-	-	-	-	-	-	-	-
Series 2016	394,575	397,375	394,950	396,000	395,400	394,400	393,000	396,100	393,700	395,800	392,400
Series 2018	390,825	385,750	384,850	388,650	372,450	386,050	389,050	386,750	394,050	385,050	384,800
Series 2020	-	40,457	943,482	929,105	932,647	930,026	932,248	934,280	929,170	928,930	730,880
Series 2023	-	-	-	-	-	-	658,994	657,494	660,369	657,619	659,244
Series 2025*	-	-	-	-	-	-	<u>659,143</u>	<u>909,163</u>	<u>1,006,663</u>	<u>1,001,663</u>	<u>1,186,788</u>
<b>Total Debt Service</b>	<b>2,333,773</b>	<b>2,138,342</b>	<b>2,159,828</b>	<b>2,151,009</b>	<b>2,136,252</b>	<b>2,146,574</b>	<b>3,469,660</b>	<b>3,719,903</b>	<b>3,692,771</b>	<b>3,678,061</b>	<b>3,663,171</b>
<b>Debt Service Coverage</b>	<b>1.19</b>	<b>1.54</b>	<b>2.16</b>	<b>1.31</b>	<b>1.78</b>	<b>2.68</b>	<b>1.49*</b>	<b>1.51*</b>	<b>1.53*</b>	<b>1.55*</b>	<b>1.61*</b>

1. Water Revenues estimated to grow at 11% in fiscal year 2025, 9% in fiscal year 2026, and 3% in fiscal year 2027-2030.

2. Sewer Revenues estimated to grow at 22% in fiscal year 2025, 2% in fiscal year 2027 and 3% in fiscal year 2028-2030.

3. Storm Revenues estimated to grow at 3% in fiscal year 2025-2029.

4. Includes personnel and operating expenses. Does not include annual capital expenditures.

5. Water Expenses estimated to grow at 4.25% in fiscal year 2025, 10% in fiscal year 2026, 1% in fiscal year 2027, 5% in fiscal year 2028, 6% in fiscal year 2029, 1% in fiscal year 2030.

6. Sewer Expenses estimated to grow at 1.62% in fiscal year 2025, 6% in fiscal year 2026, and 4% in fiscal year 2028-2030.

7. Storm Expenses estimated to grow at 3% in fiscal year 2025-2029.

\* Preliminary; subject to change.

(Source: The City and the Municipal Advisor.)

## DEBT STRUCTURE OF THE CITY

### Outstanding Municipal Debt of the City (as of July 1, 2025)

#### Water, Sewer, and Storm Water Revenue Bonds

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Balance Outstanding</u>
2007C	System Improvements	\$5,050,000	October 1, 2029	\$1,456,000
2012	Refunding	1,537,000	April 1, 2027	362,000
2016	Refunding	4,490,000	October 1, 2032	2,720,000
2018	System Improvements	6,225,000	October 1, 2043	5,150,000
2020	Refunding	8,175,000	October 1, 2030	4,793,000
2023	System Improvements	9,910,000	October 1, 2048	9,910,000
2025 <sup>(1)</sup>	System Improvements	17,195,000*	October 1, 2055*	17,195,000*
Total				<u>\$41,586,000*</u>

<sup>(1)</sup> For purposes of this Official Statement the Series 2025 Bonds will be considered outstanding.

\* Preliminary; subject to change.

#### Sales and Franchise Tax Revenue Bonds<sup>(1) (2)</sup>

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Balance Outstanding</u>
2017	Roads	\$8,340,000	May 1, 2032	<u>\$4,660,000</u>

<sup>(1)</sup> The City plans to issue its Sales and Franchise Tax Revenue Bonds, Series 2025 in the approximate aggregate principal amount of \$49,000,000 on or about the same time as the Series 2025 Bonds. When such bonds are issued, the City will amend the related general indenture to add a pledge of the City's franchise tax revenues to the payment of the prior 2017 bonds and the new series of bonds.

<sup>(2)</sup> The City has outstanding obligations having a parity pledge of its sales and use tax revenues. See "Outstanding Debt of the Redevelopment Agency of the City" below. The City also has a contingent obligation from a subordinate pledge of the sales and use tax revenues for UTOPIA and a contingent obligation payable from a subordinate pledge of its franchise tax revenues in connection with its participation in the Utah Infrastructure Agency; see "Other Obligations" below.

#### Outstanding Lease Revenue Bonds<sup>(1)</sup>

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Balance Outstanding</u>
2012	City Hall/Street Lighting	\$8,990,000	October 15, 2038	<u>\$4,390,000</u>

<sup>(1)</sup> The Municipal Building Authority of Midvale City, Utah (the "Authority"), was created to acquire projects for the City pursuant to the Utah Municipal Building Authority Act. The Authority has no assets, except for those purchased with the lease revenue bonds described above. The Authority's debt does not constitute legal debt within the meaning of any constitutional or statutory limitation of the City. The Authority entered into an annual lease with the City that may be terminated by the City in any year and lease payments by the City may be made only from funds that are annually budgeted and appropriated by the City for such purposes. The lease revenue bonds of the Authority are secured by an assignment of the City's lease payments and a security interest in the project financed by such bonds.

## Outstanding Debt of the Redevelopment Agency of the City

The Redevelopment Agency of Midvale City, Utah (the “Agency”) was established to further public purposes in the redevelopment of certain City areas. The Agency’s debt does not constitute legal debt within the meaning of any constitutional provision or statutory limitation of the City. The Agency has the following bonds outstanding as of July 1, 2025:

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Balance Outstanding</u>
2015 <sup>(1)</sup>	Gardner Parking Structure	\$12,961,000	May 1, 2034	\$7,645,000
2017 <sup>(2)</sup>	Refunding	17,670,000	May 1, 2034	12,625,000
2018 <sup>(2)</sup>	Developer Reimbursements	7,570,000	May 1, 2034	<u>5,440,000</u>
Total				<u>\$25,710,000</u>

(1) These bonds are payable from and secured by tax increment revenues from a “sub-project area” of the Agency, but are additionally secured by a subordinate lien on certain tax increment revenues.

(2) These bonds are additionally secured by a parity lien with the above described Sales Tax Revenue Bonds, Series 2017 on the City’s sales tax revenues.

## Other Obligations

The City entered into a Second Amended and Restated Pledge and Loan Agreement (the “UTOPIA Pledge Agreement”), dated as of December 1, 2011, with the Utah Telecommunications Open Infrastructure Agency (“UTOPIA”), to participate in the financing of a fiberoptic network in the City. Under the UTOPIA Pledge Agreement the City pledged its sales and use taxes to UTOPIA up to a maximum annual amount which increases by 2% each year (the “UTOPIA Subordinate Obligation”). The maximum annual pledge for fiscal year 2025 is \$987,580. The City’s UTOPIA Subordinate Pledge Obligation expires in fiscal year 2040, with a final maximum annual pledge of \$1,329,152.

The City has a contingent liability in connection with its participation in the Utah Infrastructure Agency (the “UIA Obligation”). The UIA Obligation is payable from franchise tax revenues received by the City. The maximum annual amount of the UIA Obligation is \$339,988.

## Future Debt Plans

The City anticipates issuing its approximately \$49,000,000 Sales and Franchise Tax Revenue Bonds, Series 2025 at or about the same time as the Series 2025 Bonds. In November 2023 voters in the City authorized the issuance of not to exceed \$11,200,000 general obligation bonds to finance a portion of the costs to construct a new recreation center, including a community pool, and other recreational amenities, including trails, and related improvements. The City anticipates issuing general obligation bonds pursuant to this authorization in 2027. The City also anticipates issuing approximately \$40 million in assessment bonds in fiscal year 2026 to finance a parking structure.

## No Defaulted Bonds

The City has never failed to pay principal and interest when due on its outstanding bonded indebtedness or any other obligations nor has it ever failed to appropriate moneys with respect to its lease obligations.

## **FINANCIAL INFORMATION REGARDING THE CITY**

### **Fund Structure; Accounting Basis**

The City prepares its government-wide financial statements based on proprietary fund accounting. All assets, liabilities and equity are recorded on the City's balance sheet using full accrual accounting. All capital assets, including infrastructure, are capitalized and depreciated. Equity is comprised of contributed capital and retained earnings. The City prepares its governmental funds financial statements based on current financial resources measurement focus and the modified accrual basis of accounting.

In proprietary funds, revenues and expenses are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred.

### **Budget and Appropriation Process**

The budget and appropriation process of the City is governed by State law (the "Fiscal Procedures Act"). Pursuant to the Fiscal Procedures Act, the budget officer of the City is required to prepare budgets for the proprietary fund. The budget is to provide a complete financial plan for the budget (ensuing fiscal) year. The budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures.

On or before the first regularly scheduled meeting of the City Council in May of each year, the budget officer is required to submit to the Council the tentative budget for the fiscal year commencing July 1. Various actual and estimated budget data are required to be set forth in the tentative budget. The budget officer may revise the budget requests submitted by the heads of City departments, but must file these submissions with the Council together with the tentative budget. The budget officer is required to estimate in the tentative budget the available revenue from non-property tax sources and the revenue from general property taxes. The tentative budget is then tentatively adopted by the Council, with any amendments or revisions that the Council deems advisable prior to the public hearing on the tentative budget. If the tax rate in the proposed budget exceeds the "certified tax rate," the Council shall comply with the Property Tax Act, Chapter 2, Title 59, Utah Code Annotated 1953, as amended (the "Property Tax Act") in adopting the budget. After public notice and hearing the tentative budget is adopted by the Council, subject to further amendment or revisions by the Council prior to adoption of the final budget.

On or before June 30 in each year or, in the case of a property tax increase under the Property Tax Act, September 1, the final budget is adopted by the Council. The adopted final budget is subject to amendment by the Council during the fiscal year. Public notice and hearing are required in order to increase the budget total.

The amount set forth in the final budget as the total amount of estimated revenue from property taxes constitutes the basis for determining the property tax levy to be set by the Board for the succeeding tax year.

Adoption of Ad Valorem Tax Levy. State law requires that the governing body of each taxing entity shall, before June 22 of each year, or, in the case of a property tax increase under the Property Tax Act, September 1, adopt a final tax rate for the taxing entity. The governing body shall report the rate and levy, and any other information prescribed by rules of the county commission for the preparation, review, and certification of the rate, to the county auditor of the county in which the taxing entity is located. Therefore, if the City's proposed budget includes a tax rate which exceeds the certified tax rate, the City is required to follow strict rules established by the Property Tax Act. The rules include publishing several public notices of its intent, coordinating the date and time of the public hearing regarding the tax increase with Salt Lake County, and delaying final adoption of the budget until such time as the new tax rate has been adopted.

### **Financial Records and Statements**

The City utilizes a computerized financial accounting system which includes a system of budgetary controls. The City has also empowered the City Manager to maintain control by major categories within departments. Controls are such that a requisition will not be entered into the purchasing system unless the appropriated funds are available.

The Finance Director checks for sufficient funds prior to the purchase order being issued and again before the payment check.

### **Management Discussion and Analysis**

In connection with the preparation of its audited financial statements for the fiscal year ended June 30, 2024, the City prepared a management's discussion and analysis of operations. Such management's discussion and analysis was included as part of the City's audit report for the fiscal year ended June 30, 2024 and is included in APPENDIX A hereto.

### **Five-Year Financial Summaries**

The summaries contained herein were extracted from the City's audited annual financial reports for the fiscal years ended June 30, 2020, through June 30, 2024. The summaries are unaudited.

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MIDVALE CITY  
Statement of Net Position  
(This summary has not been audited.)

	<u>Fiscal Year Ended June 30,</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS					
<u>Current assets:</u>					
<i>Cash, cash equivalents &amp; investments</i>					
Unrestricted	\$39,916,697	\$20,144,628	\$30,576,924	\$22,996,486	\$17,775,666
Restricted	14,155,172	20,538,285	2,744,146	2,558,975	4,479,831
<i>Receivables (net of allowance for uncollectibles):</i>					
Accounts & taxes	8,622,689	9,730,133	7,643,550	7,041,809	6,789,205
Contracts	11,100	13,565	117,475	132,355	16,560
Notes	208,620	—	—	—	—
Court fines	276,689	226,344	251,046	253,235	279,476
Due from other governments	1,307,036	722,836	622,885	1,019,857	927,012
Due from other funds	—	—	34,185	—	—
Allowance for doubtful accounts	—	—	(6,000)	(6,000)	—
Inventory	360,779	378,673	458,643	115,151	93,751
Prepays & deposits	<u>142,327</u>	<u>21,268</u>	<u>241,649</u>	<u>164,408</u>	<u>98,647</u>
TOTAL CURRENT ASSETS	<u>65,001,109</u>	<u>51,775,732</u>	<u>42,684,503</u>	<u>34,276,276</u>	<u>30,460,148</u>
<u>Noncurrent assets:</u>					
Contracts receivable	70,850	89,815	—	—	144,945
Notes receivable	3,166,217	2,036,550	(29,417)	81,259	188,666
Investment in joint ventures	7,216,013	6,936,234	6,751,213	—	—
Intangible assets	—	—	—	6,474,951	3,995,608
Net pension asset	—	—	2,078,404	—	—
Land held for resale	150,130	150,130	150,130	150,130	150,130
<i>Capital assets not depreciated:</i>					
Land	65,180,802	65,180,802	65,180,802	65,180,802	64,934,995
Water stock	3,081,299	3,081,299	3,081,299	3,081,299	3,081,299
Construction in progress	3,037,951	180,608	97,864	79,080	3,289,733
<i>Capital assets (net of accumulated depreciation):</i>					
Buildings	23,210,038	23,855,463	24,500,889	25,146,314	24,226,610
Improvements other than buildings	37,921,597	39,303,286	40,648,358	41,602,308	40,106,929
Equipment	3,061,548	2,693,781	2,406,760	2,774,652	2,727,709
Infrastructure	<u>17,158,159</u>	<u>18,565,243</u>	<u>19,100,584</u>	<u>20,346,073</u>	<u>20,958,799</u>
TOTAL NONCURRENT ASSETS	<u>163,254,604</u>	<u>162,073,212</u>	<u>163,966,886</u>	<u>164,916,868</u>	<u>163,805,423</u>
TOTAL ASSETS	<u>228,255,713</u>	<u>213,848,944</u>	<u>206,651,389</u>	<u>199,193,144</u>	<u>194,265,571</u>
Deferred outflows of resources:					
Deferred outflows related to pensions	1,864,594	1,388,408	962,678	747,856	709,490
Deferred charge on refunding	<u>55,536</u>	—	—	—	—
Total deferred outflows of resources	<u>1,920,130</u>	<u>1,388,408</u>	<u>962,678</u>	<u>747,856</u>	<u>709,490</u>

	<i>Fiscal Year Ended June 30,</i>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
LIABILITIES:					
CURRENT LIABILITIES					
Accounts payable	\$1,809,779	\$1,165,853	\$763,195	\$1,663,909	\$2,429,708
Accrued liabilities	384,282	411,169	366,385	292,550	258,557
Accrued interest payable	566,727	412,731	444,617	483,969	523,991
Compensated absences	479,889	472,111	408,203	315,563	482,041
Unearned revenue	4,038,597	4,143,597	—	—	—
Bonds and notes payable	5,361,263	5,439,149	5,590,814	4,842,480	4,419,000
Due to other funds	—	—	34,185	—	—
Noncurrent liabilities:					
Compensated absences	248,993	261,106	231,904	304,710	120,509
Deposits held	418,109	424,791	688,108	374,993	387,352
Bonds and notes payable	68,600,717	63,951,450	69,618,550	70,051,750	72,966,138
Net pension liability	<u>1,036,397</u>	<u>741,782</u>	<u>—</u>	<u>198,173</u>	<u>1,326,504</u>
TOTAL LIABILITIES	<u>82,944,753</u>	<u>77,423,740</u>	<u>78,145,961</u>	<u>78,528,097</u>	<u>82,913,800</u>
DEFERRED INFLOWS OF RESOURCES:					
Deferred property taxes	4,458,905	3,940,271	3,599,840	3,266,289	3,234,112
Deferred revenue RDA	—	—	100,000	100,000	100,000
Deferred federal grants	—	—	—	—	987,209
Deferred inflows related to pensions, net	<u>10,665</u>	<u>15,551</u>	<u>2,891,274</u>	<u>1,440,697</u>	<u>786,351</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,469,570</u>	<u>3,955,822</u>	<u>6,591,114</u>	<u>4,806,986</u>	<u>5,107,672</u>
NET POSITION:					
Invested in capital assets, net of related debt	95,721,310	90,198,277	88,068,658	85,796,084	84,360,318
Restricted for capital projects & redevelopment	18,502,695	16,452,465	17,806,804	12,982,895	7,266,811
Restricted for development-related funds	306,194	264,991	—	—	—
Restricted for debt service	3,486,002	3,655,489	—	—	—
Unrestricted	<u>24,745,319</u>	<u>23,286,568</u>	<u>17,001,530</u>	<u>17,826,938</u>	<u>16,823,893</u>
TOTAL NET POSITION	<u>\$142,761,520</u>	<u>\$133,857,790</u>	<u>\$122,876,992</u>	<u>\$116,605,917</u>	<u>\$108,451,022</u>

(Source: This summary of financial information has been taken from the City's audited financial statements for the years 2020-2024. This summary has not been audited.)



MIDVALE CITY  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds—General Fund  
(This summary has not been audited.)

	<i>Fiscal Year Ended June 30,</i>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues:					
Taxes	\$17,989,546	\$17,986,216	\$16,553,309	\$14,887,228	\$13,549,734
Licenses & permits	696,558	892,307	711,320	986,962	890,117
Intergovernmental	4,559,142	3,537,359	2,814,343	4,848,583	4,878,744
Charges for services	223,019	439,465	2,138,921	2,214,242	2,111,583
Fines & forfeitures	925,760	829,335	830,411	701,178	820,736
Interest income	350,218	228,979	—	38,815	56,449
Miscellaneous	<u>26,305</u>	<u>55,083</u>	<u>40,904</u>	<u>104,206</u>	<u>31,329</u>
Total revenues	<u>24,770,548</u>	<u>23,968,744</u>	<u>23,089,208</u>	<u>23,781,214</u>	<u>22,338,692</u>
Expenditures:					
General government	4,351,535	3,996,344	4,860,346	5,405,076	5,001,096
Public safety	12,348,134	11,698,303	10,322,679	9,306,093	8,968,003
Highways & public improvements	1,539,315	1,429,885	1,372,192	1,421,044	1,208,398
Parks, recreation & public property	1,206,764	1,046,241	1,131,749	1,175,194	1,142,879
Community development	1,164,865	1,292,623	1,312,434	1,424,506	1,291,148
Debt service:					
Principal	—	—	—	490,000	870,000
Interest	<u>—</u>	<u>—</u>	<u>22,190</u>	<u>286,900</u>	<u>309,445</u>
Total expenditures	<u>20,610,613</u>	<u>19,463,396</u>	<u>19,021,590</u>	<u>19,508,814</u>	<u>18,790,969</u>
Excess of revenues over (under) expenditures	<u>4,159,935</u>	<u>4,505,348</u>	<u>4,067,618</u>	<u>4,272,400</u>	<u>3,547,723</u>
Other financing sources (uses):					
Proceeds from sale of assets	—	17,970	207	700	10,000
Transfers out	<u>(4,127,145)</u>	<u>(4,056,145)</u>	<u>(3,225,993)</u>	<u>(1,376,487)</u>	<u>(2,932,217)</u>
Total other financing sources (uses)	<u>(4,127,145)</u>	<u>(4,038,175)</u>	<u>(3,225,786)</u>	<u>(1,375,787)</u>	<u>(2,922,217)</u>
Net change in fund balance	32,790	467,173	841,832	2,896,613	625,506
Fund balance at beginning of year	<u>8,628,593</u>	<u>8,161,420</u>	<u>7,319,588</u>	<u>4,422,975</u>	<u>3,797,469</u>
Fund balance at end of year	<u>\$8,661,383</u>	<u>\$8,628,593</u>	<u>\$8,161,420</u>	<u>\$7,319,588</u>	<u>\$4,422,975</u>

(Source: This summary of financial information has been taken from the City's audited financial statements for the years 2020-2024. This summary has not been audited.)

## **BONDHOLDERS' RISKS**

The purchase of the Series 2025 Bonds involves certain investment risks that are discussed throughout this Official Statement. No prospective purchaser of the Series 2025 Bonds should make a decision to purchase any of the Series 2025 Bonds without first reading and considering the entire Official Statement, including all Appendices, and making an independent evaluation of all such information. Certain of those investment risks are described below. The list of risks described below is not intended to be definitive or exhaustive and the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

### **General**

The Series 2025 Bonds are payable from and secured by a pledge and assignment of Net Revenues from the System and moneys on deposit in the funds and accounts held by the Trustee under the Indenture other than the Rebate Fund and the Repair and Replacement Fund). Future economic and other conditions, the demand for water and sewer services within the City and the surrounding areas, economic and employment trends and events, demographic changes, changes in governmental regulations and policies and other factors may adversely affect the future financial condition of the System, and, consequently, the availability of Net Revenues. No assurance can be made that the Net Revenues of the System will be realized by the City in amounts sufficient to pay debt service on the Series 2025 Bonds when due.

### **Operation of the System**

In order for the City to make timely payment of the principal and interest requirements of the Series 2025 Bonds and to meet its other obligations under the Indenture, it will be necessary for the City to manage, operate and maintain the System in an efficient and economical manner that is consistent with prudent utility practice. The operation of the System is subject to the requirements of various governmental rules and regulations and the System must be operated in compliance with these requirements. In the event that the System is not operated or is not capable of operation as required by the provisions of such governmental rules and regulations, the City may be subject to certain penalties.

The City believes that the System will be operated in a manner that will allow it to pay Operation and Maintenance Expenses for the System, as well as debt service on the Series 2025 Bonds and the Outstanding Parity Bonds.

To the extent the System develops operational problems, rates for the System may need to be increased to produce sufficient Revenue unless other sources of funds are obtained. In the event that Revenues need to be increased for the continued operation of the System (and to pay debt service on the Series 2025 Bonds), it may be necessary to increase rates for the System. Although the City has the ability to establish rates without prior approval from another governmental entity, the City may decide not to make any rate increases due to political feasibility or other concerns.

### **Destruction of the System**

The Indenture requires that the City, in its operation of the System, maintain insurance in such amounts and to such extent as is normally carried by other entities operating public utilities of the same size and type. In the event of any loss or damage, the Indenture requires that the proceeds of any insurance shall be used first for the purpose of restoring or replacing the property lost or damaged. Any remainder is to be paid into the Bond Fund. However, there can be no assurance that the proceeds of such insurance will be sufficient to restore or replace the lost or damaged property.

Damage to or destruction of the System may prevent the City from providing service to some or all of its customers. In such event, the Net Revenues may decrease.

## **Climate Change**

Climate change caused by human activities may have adverse effects on the System and on the Water System in particular. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the System is difficult to predict, but it could be significant and it could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change or by changing the business and activities of City customers. The City considers the potential effects of climate change in its planning.

## **Cybersecurity**

The risk of cyberattacks against commercial enterprises, including those operated for a governmental purpose, has become more prevalent in recent years. At least one of the rating agencies factors the risk of such an attack into its ratings analysis, recognizing that a cyberattack could affect liquidity, public policy and constituent confidence, and ultimately credit quality. A cyberattack could cause the informational systems of the City to be compromised and could limit operational capacity, for short or extended lengths of time and could bring about the release of sensitive and private information. Additionally, other potential negative consequences include data loss or compromise, diversion of resources to prevent future incidences and reputational damage. To date, the City has not been the subject of a successful materially adverse cyberattack. The City believes it has made all reasonable efforts to ensure that any such attack is not successful and that the information systems of the City are secure. However, there can be no assurance that a cyberattack will not occur in a manner resulting in damage to the City's information systems or other challenges. The City has insurance coverage for cyber-related risks.

## **Considerations With Respect to Bond Insurance**

The City obtained the Policy with respect to the Series 2025 Bonds. As stated elsewhere in this Official Statement, the Policy guarantees the scheduled payment of the principal of and interest on the Series 2025 Bonds. The terms of the Policy and information on the Bond Insurer are included elsewhere in this Official Statement. See "BOND INSURANCE" and "APPENDIX G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.

In the event the City were to default in the payment of the principal of or interest on the Series 2025 Bonds when due, the owners of the Series 2025 Bonds will have a claim under the Bond Insurance Policy for such payments. In the event that the Bond Insurer becomes obligated to make payments with respect to the Series 2025 Bonds, no assurance can be given that such event will not adversely affect the market for the Series 2025 Bonds. In the event that the Bond Insurer is unable to make payments of principal of or interest on the Series 2025 Bonds when due under the Policy, the Series 2025 Bonds will be payable solely from the Net Revenues, as described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

If the Bond Insurer is not in default of its obligations under the Policy, the Bond Insurer will have certain notice, consent and other rights under the Indenture and will have the right to control all remedies with respect to the Series 2025 Bonds in the event of a default under the Indenture. The Bond Insurer is not required to obtain the consent of the owners of the Series 2025 Bonds with respect to the exercise of remedies. The Bond Insurer's consent also may be required in connection with certain amendments to the Indenture.

Any insured long-term ratings on the Series 2025 Bonds will be dependent in part on the financial strength of the Bond Insurer and its claims-paying ability. The Bond Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the insured long-term ratings on the Series 2025 Bonds will not be subject to downgrade, and such event could adversely affect the market price of the Series 2025 Bonds, or the marketability or liquidity for the Insured Series 2025 Bonds.

Neither the City nor the Underwriter has made an independent investigation of the ability of the Bond Insurer to pay claims, and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is being made by the City or the Underwriter in this Official Statement. When making an investment

decision with respect to the Series 2025 Bonds, potential investors should carefully consider the ability of the City to pay the principal of and interest on the Series 2025 Bonds, assuming that the Bond Insurance Policy will not be available to pay the principal of and interest on the Series 2025 Bonds.

## **LEGAL MATTERS**

### **General**

All legal matters incident to the authorization and issuance of the Series 2025 Bonds are subject to the approval of Gilmore & Bell, P.C., Bond Counsel to the City. Certain matters relating to disclosure will be passed upon for the City by Gilmore & Bell, P.C., Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by the City Attorney. Certain matters will be passed upon for the Underwriter by Farnsworth Johnson PLLC. The approving opinion of Bond Counsel will be delivered with the Series 2025 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in APPENDIX E of this Official Statement will be made available upon request from the Trustee.

### **Absence of Litigation**

A non-litigation opinion is expected to be provided by the City Attorney, dated the date of closing, stating, among other things that there is no action, suit, proceeding, inquiry, or any other litigation or investigation at law or in equity, before or by any court, public board or body, which is pending or threatened, challenging the creation, organization, or existence of the City; or the titles of its officers to their respective offices; or seeking to restrain or enjoin the issuance, sale, or delivery of the Series 2025 Bonds; or for the purpose of restraining or enjoining the levy and collection of taxes, Revenues, or assessments by the City; or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2025 Bonds are issued; or the validity of the Series 2025 Bonds or the issuance thereof.

## **TAX MATTERS**

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the Series 2025 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2025 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Utah, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2025 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2025 Bonds.

### **Opinion of Bond Counsel**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under the law existing as of the issue date of the Series 2025 Bonds:

*Federal Tax Exemption.* The interest on the Series 2025 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

*Alternative Minimum Tax.* Interest on the Series 2025 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

*State of Utah Tax Exemption.* The interest on the Series 2025 Bonds is exempt from State of Utah individual income taxes.

Bond counsel's opinions are provided as of the date of the original issue of the Series 2025 Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2025 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2025 Bonds but has reviewed the discussion under the heading "TAX MATTERS."

### **Other Tax Consequences**

*[Original Issue Discount.* For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2025 Bond over its issue price. The stated redemption price at maturity of a Series 2025 Bond is the sum of all payments on the Series 2025 Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2025 Bond is generally the first price at which a substantial amount of the Series 2025 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2025 Bond during any accrual period generally equals (1) the issue price of that Series 2025 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2025 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2025 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2025 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.]

*[Original Issue Premium.* For federal income tax purposes, premium is the excess of the issue price of a Series 2025 Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2025 Bond is the sum of all payments on the Series 2025 Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2025 Bond is generally the first price at which a substantial amount of the Series 2025 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Series 2025 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2025 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2025 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.]

*Sale, Exchange, or Retirement of Series 2025 Bonds.* Upon the sale, exchange, or retirement (including redemption) of a Series 2025 Bond, an owner of the Series 2025 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange, or retirement of the Series 2025 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2025 Bond. To the extent a Series 2025 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2025 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

*Reporting Requirements.* In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2025 Bonds, and to the proceeds paid on the sale of the Series 2025 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

*Collateral Federal Income Tax Consequences.* Prospective purchasers of the Series 2025 Bonds should be aware that ownership of the Series 2025 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2025 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2025 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2025 Bonds, including the possible application of state, local, foreign and other tax laws.

Bond Counsel notes that interest on the Series 2025 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

## **UNDERWRITING**

Stifel, Nicolaus & Company, Incorporated, as underwriter of the Series 2025 Bonds (the “Underwriter”), has agreed, subject to certain conditions, to purchase all of the Series 2025 Bonds from the City at an aggregate price of \$[ ] (which consists of the principal amount of the Series 2025 Bonds, plus [net] original issue [premium/discount] of \$[ ] and less an Underwriter’s discount of \$[ ]). The Underwriter has advised the City that the Series 2025 Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2025 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside front cover page of the Official Statement and that such public offering prices may be changed from time to time.

## **MUNICIPAL ADVISOR**

The City has entered into an agreement with LRB Public Finance Advisors, Inc., Salt Lake City, Utah (the “Municipal Advisor”) whereunder the Municipal Advisor provides financial recommendations and guidance to the City with respect to timing of sale, bond market conditions, costs of issuance and other factors relating to the sale of the Series 2025 Bonds. The Municipal Advisor has read and participated in the drafting of certain provisions of this Official Statement. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of the Official Statement or any other matters related to the Official Statement. Municipal Advisor fees are contingent upon the sale and delivery of the Series 2025 Bonds.

## **BOND RATINGS**

S&P Global Ratings is expected to assign its municipal bond rating of “AA” (Stable) to the Series 2025 Bonds with the understanding that upon delivery of the Series 2025 Bonds, the Policy guaranteeing the payment when due of the principal of and interest on the Series 2025 Bonds will be issued by the Bond Insurer. See “BOND INSURANCE” above. S&P and Fitch Ratings, Inc. (“Fitch”) have assigned underlying municipal bond ratings of “A+” and “AA-,” respectively, to the Series 2025 Bonds.

Such ratings assigned to the Series 2025 Bonds do not constitute a recommendation by the rating agencies to buy, sell or hold the Series 2025 Bonds. Such ratings reflect only the view of such organization delivering the same and any desired explanation of the significance of such ratings should be obtained from that rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own.

There is no assurance that any rating assigned to the Series 2025 Bonds will be maintained for any period of time or that such rating may not be lowered or withdrawn entirely by the rating agency if, in its judgment,

circumstances so warrant. Any such downward change or withdrawal of such rating may have an adverse effect on the market price of the Series 2025 Bonds.

## **CONTINUING DISCLOSURE**

The City has undertaken for the benefit of the Owners and the beneficial owners of the Series 2025 Bonds to provide certain annual financial information and operating data and to provide notice of certain material events to certain repositories all in order to enable the Underwriter to make the determinations required by Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). See “APPENDIX D—FORM OF CONTINUING DISCLOSURE AGREEMENT” attached hereto and incorporated herein by reference for a form of the Continuing Disclosure Agreement that will be executed and delivered by the City.

The City reports that in the last five years, its audited financial statements were filed late for fiscal years 2020, 2021, and 2024. [To avoid future defaults, the City plans to take steps to ensure that its unaudited financial statements are filed on a timely basis when audited financials are not available.]

A failure by the City to comply with the undertaking will not constitute a default under the Indenture and beneficial owners of the Series 2025 Bonds are limited to the remedies described in the Continuing Disclosure Agreement. A failure by the City to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2025 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2025 Bonds and their market price. See “APPENDIX D—FORM OF CONTINUING DISCLOSURE AGREEMENT” for the information to be provided, the events which will be noticed on an occurrence basis and the other terms of the Continuing Disclosure Agreement, including termination, amendment and remedies.

## **MISCELLANEOUS**

### **Independent Accountants**

The basic financial statements of the City as of June 30, 2024, and for the year then ended, contained in APPENDIX B to this Official Statement, have been audited by K&C, Certified Public Accountants, Woods Cross, Utah (“K&C”), independent auditors, as stated in their report included in APPENDIX A hereto. K&C has not been asked to consent to the use of its name and audited financial statements in this Official Statement or to perform any procedures in connection with the issuance of the Series 2025 Bonds.

### **Additional Information**

All quotations contained herein from and summaries and explanations of the Utah Constitution, statutes, programs, laws of the State, court decisions, and the Indenture do not purport to be complete, and reference is made to said Constitution, statutes, programs, laws, court decisions, and the Indenture for full and complete statements of their respective provisions.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, is intended as such and not as representations of fact.

This Preliminary Official Statement is in a form “deemed final” by the City for purposes of Rule 15(c)(2)-12 of the Securities and Exchange Commission.

The appendices attached hereto are an integral part of this Official Statement, and should be read in conjunction with the foregoing material.

The delivery of the Official Statement has been duly authorized by the City.

**MIDVALE CITY, UTAH**

**APPENDIX A**

**AUDITED BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**



**Midvale City**  
**State of Utah**

**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended**  
**June 30, 2024**

PREPARED BY THE FINANCE DEPARTMENT

MARIAH HILL, ADMINISTRATIVE SERVICES DIRECTOR

CHRIS JONES, SENIOR ACCOUNTANT

KAREN KESTER, CITY TREASURER

**Midvale City, Utah**  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2024

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# INTRODUCTORY SECTION





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Midvale, UT 84047  
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[www.midvalecity.org](http://www.midvalecity.org)

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January 29, 2025

To the Honorable Mayor, Members of the City Council, and Citizens of Midvale City:

The Finance Department of Midvale City is pleased to present the Annual Comprehensive Financial Report (ACFR) for Midvale City Corporation for the year ended June 30, 2024.

Utah law requires that all local governments publish, within six months of the close of the fiscal year, a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards by a firm of licensed Certified Public Accountants. This Annual Comprehensive Financial Report is hereby issued and submitted to you in accordance with these requirements.

The report consists of management's representations concerning the finances of Midvale City. Management assumes full responsibility for the completeness and reliability of the information presented herein. To provide a reasonable basis for making these representations, management has established an internal control framework that is designed to both protect the assets of the City from loss, theft, or misuse and to allow for the compiling of sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal control procedures have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

K&C, Certified Public Accountants, has audited Midvale City's financial statements. The goal of an independent audit is to provide reasonable assurance that the City's financial statements, for the fiscal year ended June 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

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

The financial reporting entity (the City) includes all funds of the primary government (i.e., the City as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities

are, in substance, part of the primary government’s operations and are included as part of the primary government. Accordingly, the Midvale City Redevelopment Agency (RDA) and Midvale City Municipal Building Authority (MBA) are reported in this ACFR as special revenue funds.

In addition to the basic financial statements, the ACFR includes a statistical section which provides a ten-year history of detailed information as a context for understanding the City’s overall financial health.

## PROFILE OF THE GOVERNMENT

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Midvale City was incorporated in 1909. The City is governed using a Mayor/Council form of government. Legislative powers are vested in the five-member Council, while executive powers lie with the Mayor. The Mayor is elected to serve the citizens at large; the Council Members are elected by voting districts. All elected officials serve four-year terms which are staggered every two years. The elections are on a non-partisan basis. The City Manager is responsible for day-to-day operations and managing the employees of the City.

The City provides the full range of municipal services normally associated with a municipality. In brief, the general government functions include park construction and maintenance, street reconstruction and maintenance, public improvements, engineering, building inspection, planning and zoning, and administrative services. The City also operates water distribution, sewer collection and treatment, storm water maintenance, waste collection, and street lighting services. Police services are provided by the Unified Police Department of Greater Salt Lake (UPD) and fire services are provided by the Unified Fire Authority (UFA).

With a current population of approximately 36,028, the City lies in the middle of Salt Lake County, with the state’s capitol, Salt Lake City, located approximately 11 miles north. Midvale provides commuter access via Interstates 15 and 215, State Street, and Fort Union Boulevard. Utah Transit Authority provides bus and light rail service, with three light-rail stations within Midvale’s boundaries. The geographic area of the City is 5.93 square miles.

## FACTORS AFFECTING FINANCIAL CONDITION

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Midvale has a robust retail base. Sales tax revenue makes up 64 percent of General Fund revenues, and property tax constitutes 16 percent of General Fund revenues. While the stability of sales tax revenue is less predictable than property tax, the advantage to the City is the ability to delay property tax increases and provides the flexibility to increase property tax as needed if or when sales tax revenue declines. The state of Utah’s property tax formula provides the City the same amount of revenue as the prior year, plus any new growth that occurs in the City. The formula does not have any provisions for cost of living or inflationary increases.

Over the past ten years, General Fund revenues have increased from \$16,001,923 to \$24,770,548, and general fund expenditures have increased from \$13,765,359 to \$20,610,613. Revenues have increased due to additional development in Midvale (mainly in the RDAs, as discussed below), and expenditures have increased to provide services to additional residences and businesses.

One of three Redevelopment Project Areas in the City, Bingham Junction, consists of 390 acres in the north-west corner of the City. The collaborative efforts of Midvale City, private developers, and the Redevelopment Agency of the City (RDA) have turned this former brownfield site into a successful model for redevelop-



pment. Bingham Junction is substantially built-out with a mix of commercial, residential, and retail establishments.

The second project area, Jordan Bluffs, consists of 268 acres and is in the southwest corner of the City. The Jordan Bluffs project area and surrounding property encompasses nearly 10% of Midvale City’s total area and represents a significant opportunity to redevelop the former smelter property into a successful project with a positive contribution to the community. In 2015, the RDA entered into an Option to Purchase Agreement with the current owners of this former Sharon Steel superfund site. The purpose of the agreement was to allow the Agency to perform due diligence and market the site for sale and development. In November 2017, the option was transferred to Gardner Development and they purchased the property. Gardner commenced construction of the backbone infrastructure in 2018, which included an extension of Bingham Junction Boulevard. Vertical construction commenced in 2018 with the Wasatch residential development. In the summer of 2022 Zions Bancorporation completed a new 400,000 square foot banking technological campus in the northwest portion of the Jordan Bluffs project area.

The third project area is Main Street. The RDA is excited to have created a new project area which incorporates Midvale’s historic Main Street, as well as the surrounding residential and commercial areas. This area is an integral component to the vitality and history of Midvale. Recent changes have added new value and activity to the neighborhoods around Main Street and will continue to do so as redevelopment continues.

## LONG-TERM FINANCIAL PLANNING

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Midvale City uses a long-term strategic planning model to enhance the annual budget process and work towards maintaining and improving all infrastructure systems. It is the policy of the Council to maintain General Fund reserves at or above fifteen percent of operating revenue. Additionally, no encumbrance or expenditure shall be made in excess of total departmental appropriations in the budget without the prior written approval of the Council. The City undertook long-term fee rate studies for the water and sewer utilities in fiscal year 2021. Long-term fee rate studies for storm water, building, and planning fees were started in fiscal year 2022 and will be completed in fiscal year 2025.

## ACKNOWLEDGEMENTS

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While the entire City Staff has contributed to the timely and efficient preparation of this report, special thanks are due to the Finance department. We also appreciate the professionalism of our auditors and their assistance in drafting and proofreading the ACFR. Finally, thank you to our Mayor, City Council, City Manager, Assistant City Manager, and Department Heads for their dedication to making Midvale City great.

Sincerely,



Mariah Hill  
Administrative Services Director/Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Midvale City**  
**Utah**

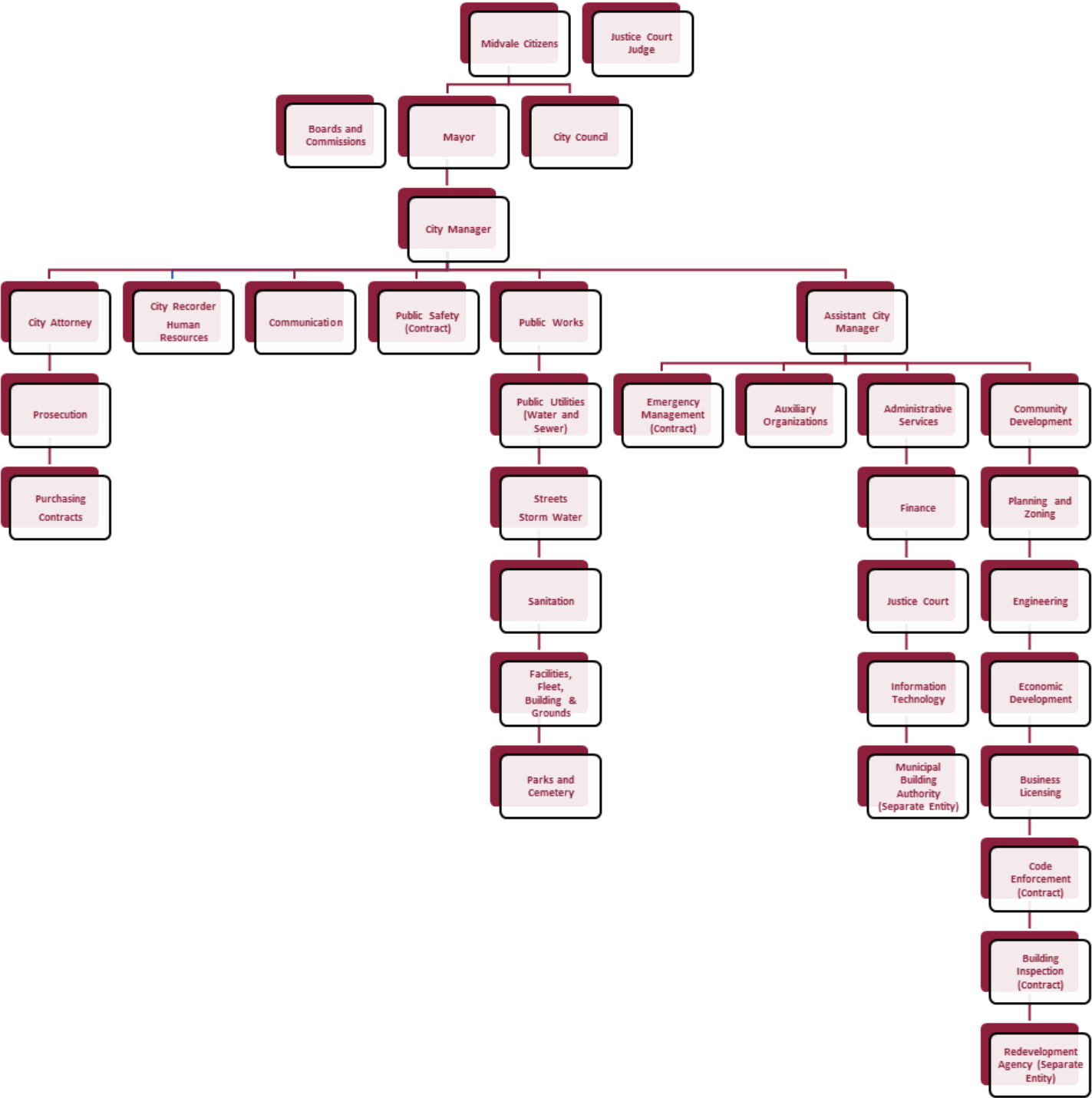
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

# Midvale City, Utah Organization Chart



**Midvale City, Utah**  
**List of Elected and Appointed Officials**  
**As of June 30, 2024**

**Elected Officials**



**Mayor**  
**Marcus Stevenson**



**Councilmember**  
**Bonnie Billings**



**Councilmember**  
**Paul Glover**



**Councilmember**  
**Heidi Robinson**



**Councilmember**  
**Bryant Brown**



**Councilmember**  
**Dustin Gettel**

**Appointed Officials**

<b>Matthew Dahl .....</b>	<b>City Manager</b>
<b>Nathaniel Rockwood.....</b>	<b>Assistant City Manager</b>
<b>Garrett Wilcox .....</b>	<b>City Attorney</b>
<b>Rori Andreason.....</b>	<b>HR Director/City Recorder</b>
<b>Karen Kester.....</b>	<b>City Treasurer</b>
<b>Mariah Hill .....</b>	<b>Finance Director</b>
<b>Glen Kennedy .....</b>	<b>Public Works Director</b>
<b>Mariah Hill .....</b>	<b>Administrative Services Director</b>
<b>Adam Olsen .....</b>	<b>Community Development Director</b>
<b>George Vo-Duc .....</b>	<b>Justice Court Judge</b>

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# FINANCIAL SECTION





CERTIFIED PUBLIC  
ACCOUNTANTS

Gary K. Keddington, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Mayor, City Council, and Audit Committee  
Midvale City, Utah

### Report on the Audit of the Financial Statements

#### *Opinions*

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, Utah (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the respective budgetary comparison for the General Fund and the Redevelopment Agency Fund, the schedule of the proportionate share of the net pension liability, the schedule of contributions, and the notes to the required supplementary information, as noted on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

#### ***Supplementary 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 accompanying combining and individual nonmajor fund financial statements, the internal service funds combining and individual fund financial statements, and the budgetary comparison information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 internal service funds combining and individual 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.



### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2025, 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 the effectiveness of the City's 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.

*K&C, CPAs*

K&C, Certified Public Accountants  
Woods Cross, Utah  
January 31, 2025

## **Management's Discussion and Analysis**

## MIDVALE CITY, UTAH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2024.

#### FINANCIAL HIGHLIGHTS

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- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2024 by \$142,761,520 (net position). Of this amount, \$24,745,319 (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 \$8,903,730 during fiscal year 2024. Of this increase, \$7,121,170 (80.0 percent) is attributable to governmental activities, this is from tax collections exceeding budgeted expectations and expenses below budgeted expectations. Business-type activities provided a \$1,782,560 increase to the City's net position, primarily due to the Water and Sewer funds operating with a positive net income. The City's overall net position increased due to significant capital projects being delayed to future years.
- As of the close of fiscal year 2024, the City's governmental funds reported combined ending fund balances of \$37,765,874, an increase of \$4,053,733 (12.0 percent). Most of this increase is due to projects that were delayed in the Capital Projects, Main Street Redevelopment, and City-Wide Housing Redevelopment funds in fiscal year 2024. Of the total fund balance, \$3,792,196 (10.0 percent) is restricted for debt service and development activities.
- At the end of fiscal year 2024, unassigned fund balance of the General Fund was \$8,269,936, or 33.4 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 unassigned fund balance is currently at 33.4 percent of revenues. The City's financial policies recommend a general fund unrestricted fund balance of at least 15 percent.
- The City's total long-term obligations increased \$4,038,134 (5.8 percent). This is due to a new debt issuance in the business-type activities in fiscal year 2024.
- At the end of fiscal year 2024, the City recognized total net pension liability of \$1,036,397 and a net pension asset of \$0. Much of this change is due to investment earnings not meeting expectations. More information regarding the City's retirement plans can be found on page 70 and in the Required Supplementary Information beginning on page 80.

## REPORT OVERVIEW

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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

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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 inflows/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 29-31 of this report.

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## FUND FINANCIAL STATEMENTS

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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, redevelopment agency funds, road funds, and development related 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, 2024, the City's combined governmental fund balance is \$37,765,874 (\$3,792,196 in restricted, \$25,618,489 in assigned, and \$8,269,936 in unassigned fund balances). Additional detail regarding governmental fund balances can be found on the governmental funds balance sheet located on [page 32](#) 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 five individual governmental funds:

- General
- Capital Projects
- Debt Service
- 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 and capital projects which are major funds, and the redevelopment agency fund which is a special revenue fund.

The basic governmental fund financial statements can be found on pages 33-36 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. Internal service fund assets have been included in the governmental activities in the government wide statements, but the income has been split into governmental and business-type activities depending on contributing funds.

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 38-41 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 42 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 80.

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## 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 \$142,761,520 as of June 30, 2024.

By far the largest portion of the City's position (67.0 percent) reflects its investments in capital assets (e.g., land, water shares, buildings and structure, machinery and equipment, improvements, construction in progress, intangible assets, 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 47,499,428	\$ 42,294,771	\$ 28,104,891	\$ 18,693,690	\$ 75,604,319	\$ 60,988,461
Capital assets	109,053,143	110,204,802	43,598,251	42,655,681	152,651,394	152,860,483
Total Assets	156,552,571	152,499,573	71,703,142	61,349,371	228,255,713	213,848,944
Deferred outflows of resources	1,364,987	1,016,420	555,143	371,988	1,920,130	1,388,408
Current Liabilities	5,931,401	5,412,782	6,709,136	6,631,829	12,640,537	12,044,611
Noncurrent Liabilities	44,577,632	48,330,914	25,726,584	17,048,215	70,304,216	65,379,129
Total Liabilities	50,509,033	53,743,696	32,435,720	23,680,044	82,944,753	77,423,740
Deferred inflows of resources	4,466,612	3,951,554	2,958	4,268	4,469,570	3,955,822
Net position:						
Net investment in capital assets	68,549,681	65,982,979	27,171,629	24,215,298	95,721,310	90,198,277
Restricted	20,859,872	19,077,481	1,435,019	1,295,464	22,294,891	20,372,945
Unrestricted	13,532,360	10,760,283	11,212,959	12,526,285	24,745,319	23,286,568
Total net position	\$ 102,941,913	\$ 95,820,743	\$ 39,819,607	\$ 38,037,047	\$ 142,761,520	\$ 133,857,790

An additional portion of the City's net position (15.62 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$24,745,319 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2024, 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, 2024

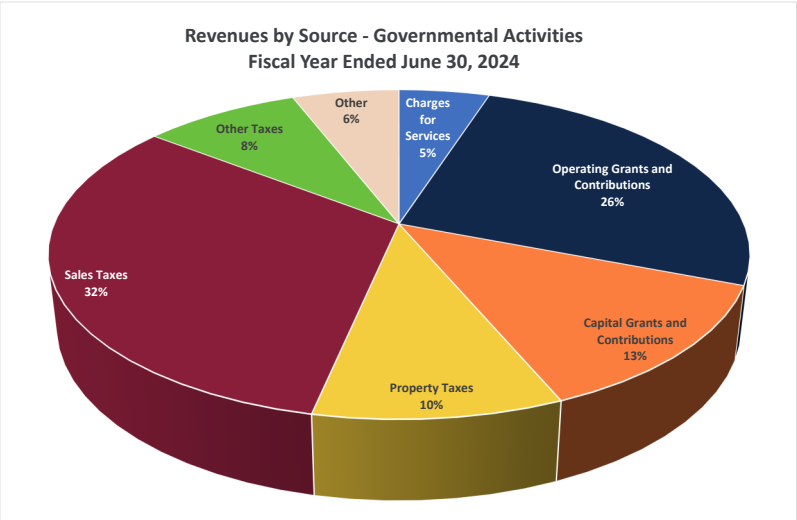
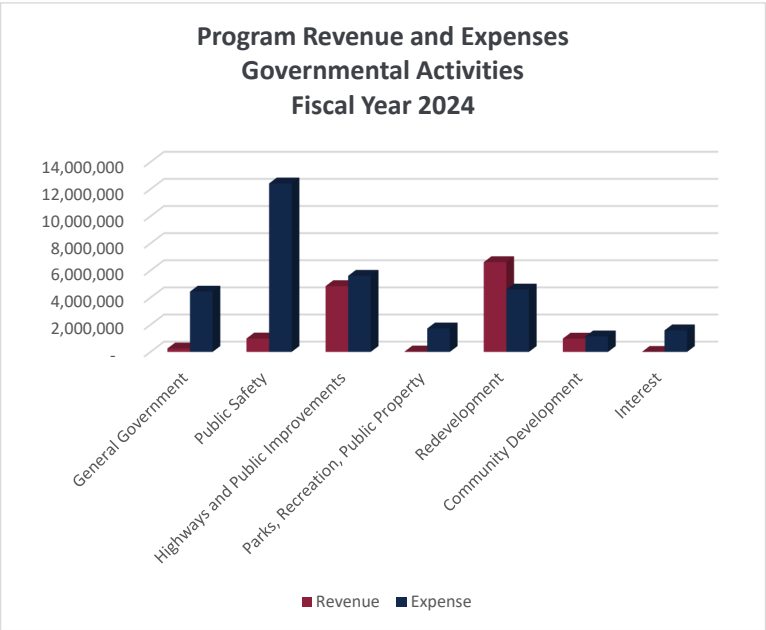
## Midvale City Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,938,075	\$ 2,207,388	\$ 14,618,577	\$ 13,908,911	\$ 16,556,652	\$ 16,116,299
Operating Grants and Contributions	10,080,824	9,278,439	-	-	10,080,824	9,278,439
Capital Grants and Contributions	4,955,275	3,889,127	-	-	4,955,275	3,889,127
General Revenues:						
Property Taxes	3,768,493	3,636,704	-	-	3,768,493	3,636,704
Sales Taxes	12,519,490	12,306,587	-	-	12,519,490	12,306,587
Other Taxes	3,349,211	3,669,110	-	-	3,349,211	3,669,110
Gain on Sale of Capital Assets/Equity Investment	448,016	7,722	279,779	185,021	727,795	192,743
Other	2,288,636	1,883,344	805,094	264,003	3,093,730	2,147,347
Total revenues	39,348,020	36,878,421	15,703,450	14,357,935	55,051,470	51,236,356
Expenses:						
General Government	4,443,602	4,725,479	-	-	4,443,602	4,725,479
Public Safety	12,419,796	11,795,690	-	-	12,419,796	11,795,690
Highways and Public Improvements	5,611,441	3,824,707	-	-	5,611,441	3,824,707
Parks and Recreation	1,727,818	1,493,263	-	-	1,727,818	1,493,263
Redevelopment	4,597,095	2,180,096	-	-	4,597,095	2,180,096
Community Development	1,142,786	1,292,623	-	-	1,142,786	1,292,623
Interest on Long-term Debt	1,588,700	1,527,618	-	-	1,588,700	1,527,618
Water	-	-	6,319,506	5,710,183	6,319,506	5,710,183
Sewer	-	-	3,412,784	3,147,616	3,412,784	3,147,616
Storm Water	-	-	2,075,930	1,864,144	2,075,930	1,864,144
Sanitation	-	-	1,428,315	1,312,855	1,428,315	1,312,855
Telecommunications	-	-	980,195	965,249	980,195	965,249
Street Lighting	-	-	399,773	366,150	399,773	366,150
Total Expenses	31,531,238	26,839,475	14,616,503	13,366,197	46,147,741	40,205,672
Increase (Decrease) in Net Position Before Transfers	7,816,782	10,038,945	1,086,947	991,738	8,903,729	11,030,683
Transfers	(695,612)	(710,584)	695,612	710,584	-	-
Increase (Decrease) in Net Position	7,121,170	9,328,361	1,782,559	1,702,322	8,903,729	11,030,683
Net Position - Beginning	95,820,743	84,959,084	38,037,048	37,917,910	133,857,791	122,876,994
Prior period adjustment	-	1,533,298	-	(1,583,184)	-	(49,885)
Net Position - Ending	<u>\$102,941,913</u>	<u>\$ 95,820,743</u>	<u>\$ 39,819,607</u>	<u>\$ 38,037,048</u>	<u>\$ 142,761,520</u>	<u>\$ 133,857,792</u>



*Governmental Activities* – Governmental activities increased the City’s net position by \$9,328,361. Key elements affecting governmental activities net position are as follows:

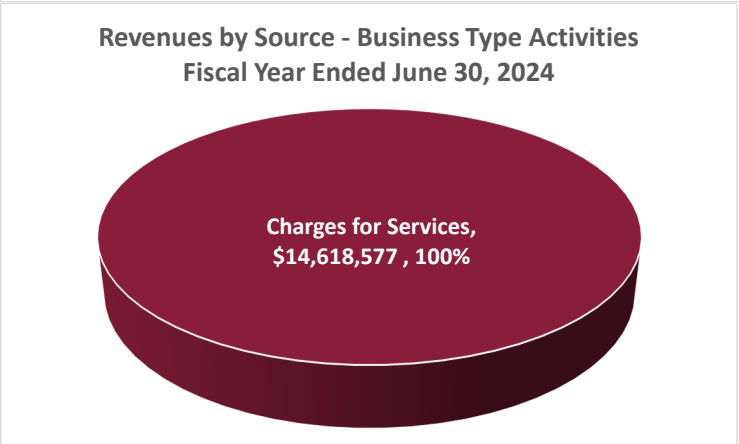
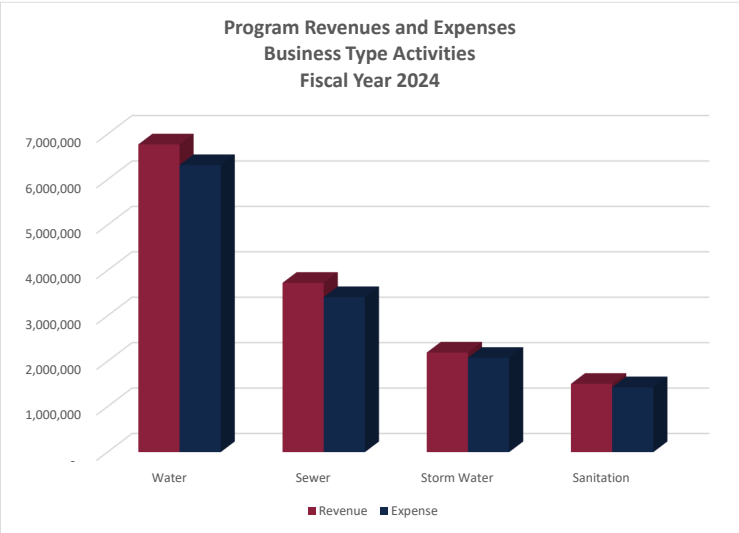
- General fund revenues posted \$1,034,546 over expectations during fiscal year 2024. This is mainly due to an increase in sales tax, state funds, and interest income. In addition, expenditures were also under expectations by \$1,061,424. This was due to every department working diligently to maintain a slim budget during times of economic uncertainty and each one of them succeeding.
- The Redevelopment Agency’s redevelopment expenses were \$2.27 million less than their revenues, resulting in a net increase of \$2.27 million in fund balance.
- The Capital Projects Fund’s expenses were \$1,933,941 less than budgeted due to project delays.
- During fiscal year 2024, the City’s governmental funds acquired \$1,227,567 of capital assets. Work in progress assets totaled \$567,513 at year-end. The most significant projects completed during the year include \$1,012,375 for the purchase of vehicles and equipment.



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*Business-Type Activities* – Business-type activities increased the City’s net position by \$1,782,560, which represents a increase of \$80,238 over the previous year’s change. Key elements of the change in business-type net position are as follows:

- During fiscal year 2024, the City’s business-type activities acquired \$5,842 in capital assets and had \$2,289,830 of projects in progress at year end.
- The street lighting fund posted an increase in net position of \$17,723. This is mainly due to lower than anticipated electricity costs
- The sanitation fund experienced an increase in net position of \$361,805, mainly due to its investment in the Trans Jordan Landfill.
- The water fund contributed \$992,366 to the increase in net position. The majority of this increase is due to higher than anticipated interest income and delays to water master plan projects.
- The sewer fund contributed \$360,258 to the increase in net position due to delays to master plan projects.
- The Storm Water fund contributed \$123,485 to the increases in net position due to a delay in a Storm Water Master Plan project.

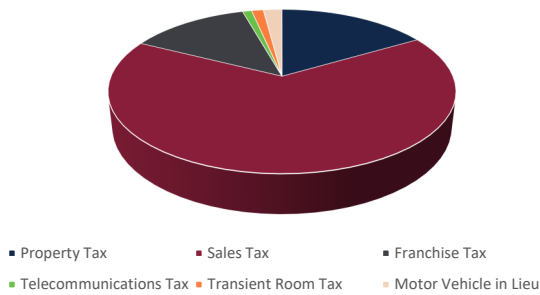


**FINANCIAL HIGHLIGHTS**

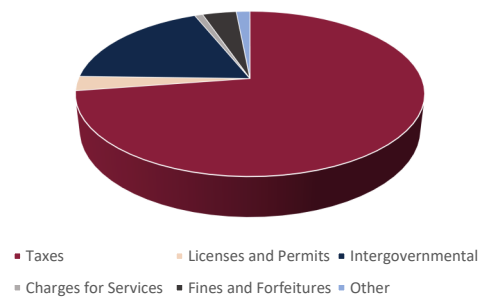
**Governmental Funds** - The focus of the City’s governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, assigned and unassigned fund balance may 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, 2024, The City’s governmental funds (General, Capital Projects, RDA, and Municipal Building Authority) reported combined fund balances of \$37,765,874. This represents an increase of \$4,053,733 from the previous year’s ending balance. \$8,269,936 (21.9 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 \$25,618,489 (67.8 percent), meaning the City intends to use this amount for specific purposes (capital projects, redevelopment, and debt service). Fund balance of \$3,792,196 (10.0 percent) is *restricted* to indicate it is not available for new spending because it has already been committed to pay for development related expensed and debt service.

**Fiscal Year 2024 General Fund  
Tax Revenue by Type**

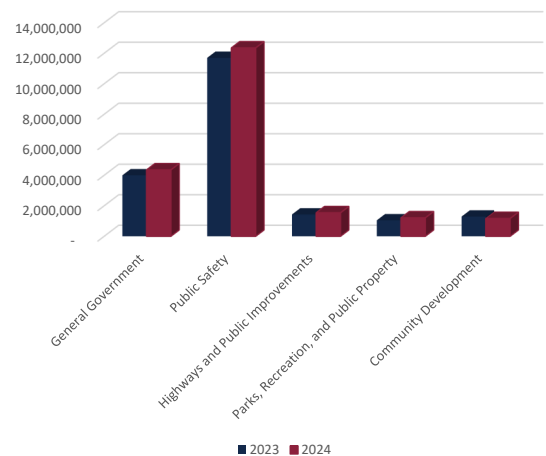


**Fiscal Year 2024 General Fund  
Revenue by Source**



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 \$32,790 during the year. Taxes continued to be the largest source of revenue in the General Fund and represent 72.6 percent of total General Fund revenues. The largest component of tax revenue is sales tax, which represents 69.6 percent of total tax revenues and 50.5 percent of total General Fund revenues. This compares with 51.3 percent of total general fund revenues in the prior fiscal year ended June 30, 2023.

**General Fund Expenditures by Function  
Fiscal Year 2023 and 2024**



General fund expenditures increased during fiscal year 2024, going from \$19,463,396 in 2023 to \$20,610,613 in 2024. This can mostly be attributed to increases in public safety costs, which increased due to the legislatively mandated split of the Unified Police Department from the Salt Lake County's Sheriff's office.

### Other Governmental Funds

Highlights from the City's other governmental funds show indicators of a growing city and strong local economy. During fiscal year 2024, property tax collections from redevelopment areas increased 8.3 percent to a total of \$10,479,230 during the same period. This increase is due to an increase in taxable values. RDA fund balance increased \$2,265,846 to a total of \$18,363,659 (14.1 percent increase). The remaining fund balance will be used to support the City's redevelopment project areas and complete outstanding projects.

Fund balance in the Capital Projects Fund increased \$1,933,941 during the fiscal year to an ending fund balance of \$8,451,886. This is due to several large projects not starting or being completed in fiscal year 2024 due to economic issues and increased transfers into the capital projects fund to prepare for large projects in coming years.

Other governmental funds include the Debt Service Fund and the Municipal Building Authority. Fund balance in the Debt Service Fund had a decrease of \$201,631 during the fiscal year to an ending fund balance of \$1,575,597. The debt service fund was created in fiscal year 2022. The fund balance is a result of interest income. The Municipal Building Authority Fund increased \$22,787 during the fiscal year to an ending balance of \$690,562, mainly due to larger than anticipated interest income. The Municipal Building Authority fund is a legally separate governmental unit that is used to collect lease revenue and make debt service payments on the City's 2012 Lease Revenue Bonds and is reported in the financial statements as a blended component unit. 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 decreased from \$1,457,216 to -\$466,366 in the Water Fund; increased from \$6,116,110 to \$6,472,962 in the Sewer Fund; and decreased from \$1,558,728 to \$1,505,682 in the Storm Water Fund.

Water Fund unrestricted net position decreased by \$1,923,582, this is mainly due to new debt that was issued in the Water Fund in fiscal year 2024.

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 decrease in the storm water fund is due to a budgeted use in fund balance to help delay storm water fee increases.

The City's nonmajor proprietary funds (street lighting, sanitation, and telecommunications) increased unrestricted net position from \$2,867,459 in fiscal year 2023 to \$2,982,698 in fiscal year 2024 (a \$115,239 increase). The Street Lighting fund realized a \$17,723 increase in net position, largely due to maintenance costs being under budgeted expectations. The Sanitation Fund saw a \$361,805 net position increase, largely due to a gain on the City's equity investment in Trans Jordan Landfill. Finally, the Telecommunications Fund saw a \$264,289 net position decrease, mainly due to a change in accounting estimate related to a long-term receivable and an accompanying allowance for doubtful accounts in the previous fiscal year.

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## GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, General Fund budgeted expenditures were amended from an original budget total of \$21,306,557 to a final budget total of \$21,672,037 (1.7 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 added funds to pay out vacation banks of retiring employees and other employee benefit selection changes.
- The City added funds to replace a city-owned fence.
- The City added minimal funding across multiple departments after experimental cuts proved to be too great.

General fund budgeted revenues were amended from \$23,120,651 to \$23,736,002 (2.7 percent increase). Highlights of this increase include:

- The City added granted administration funds for our Coalition Coordinator Grant.
- The City added additional sales tax revenue to reflect actuals.
- The City added additional granted Homeless Mitigation Funding.

During the year, actual revenues were greater than budgeted revenues by \$1,034,546. Actual expenditures were less than budgeted expenditures by \$1,061,424.

## 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, 2024, amounts to \$152,651,394 (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 0.1 percent (a 1.1 percent increase for governmental activities and a 2.2 percent decrease for business-type activities).

### Midvale City Capital Assets, Net of Depreciation June 30, 2024

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 65,065,740	\$ 65,065,740	115,062	\$ 115,062	\$ 65,180,802	\$ 65,180,802
Water Stock & Rights	-	-	3,081,299	3,081,299	3,081,299	3,081,299
Buildings	20,155,336	20,708,338	3,054,702	3,147,125	23,210,038	23,855,463
Improvements	3,149,353	3,310,473	34,772,244	35,992,813	37,921,597	39,303,286
Infrastructure	17,158,159	18,565,243	-	-	17,158,159	18,565,243
Machinery & Equipment	2,854,252	2,452,217	207,296	241,564	3,061,548	2,693,781
Construction in Progress	670,303	102,790	2,367,648	77,818	3,037,951	180,608
TOTAL:	\$ 109,053,143	\$ 110,204,801	\$ 43,598,251	\$ 42,655,681	\$ 152,651,394	\$ 152,860,482

Major capital asset events during fiscal year 2024 include the following:

- \$215,190 Sidewalk curb & gutter improvements.
- \$1,454,104 Pavement in various locations.
- \$496,869 City Hall Food Truck Plaza.
- \$999,867 Vehicle and Equipment.

Additional information on the City’s capital assets can be found on page 58-60 of this report.

**Long-term debt** - As of June 30, 2024, the City had total long-term debt outstanding of \$74,161,952. The City has no general obligation bonds outstanding.

**Midvale City**  
**Outstanding Long-Term Debt**  
**June 30, 2024**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Lease Revenue Bonds	\$ 4,635,000	\$ 5,155,000	\$ -	\$ -	4,635,000	5,155,000
Tax Revenue Bonds	33,247,000	35,999,000	-	-	33,247,000	35,999,000
Unamortized Bond Premiums	2,621,462	2,900,586	982,548	559,058	3,604,010	3,459,644
Direct Borrowings	6,424,119	6,962,744	77,851	98,211	6,501,970	7,060,955
Water, Sewer, Storm Water Revenue Bonds	-	-	25,974,000	17,716,000	25,974,000	17,716,000
Compensated Absences	489,077	499,827	239,805	233,392	728,882	733,219
<b>TOTAL:</b>	<b>\$ 47,416,658</b>	<b>\$ 51,517,157</b>	<b>\$ 27,274,204</b>	<b>\$ 18,606,661</b>	<b>\$ 74,690,862</b>	<b>\$ 70,123,818</b>

The City’s total debt outstanding increased by \$4,567,044 during the fiscal year (6.51 percent). This increase is due to a new bond series being issued in the business-type activities in fiscal year 2024 in addition to regular debt service payments being made.

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

- Series 2016, 2018, and 2023 Water, Sewer, and Storm Water Revenue Bonds, a Fitch rating of “AA-” (rating outlook: positive).
- Series 2017 and 2018 RDA Tax Increment and Sales Tax Revenue Bonds, a S&P 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 \$270,154,410 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 \$540,308,820, which again significantly exceeds the outstanding city-wide debt.

The City has two direct borrowings in the form of loans from the Utah Department of Transportation State Infrastructure Bank. One was issued in 2021 for \$2.1 million and one was issued during fiscal year 2022 for \$5.5 million. Both loans are for parking structures and the payments are made via pass-through revenue paid to the City by developers. These loans are not for capital purposes.

Additional information on the City’s long term-debt can be found on pages 64-69 of this report.

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## **ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

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- The 2024 unemployment rate for the Midvale City was 3.6 percent. This compares with a national unemployment rate of 4.1 percent. The 2023 unemployment rate for the Midvale City was 2.7 percent. (Source: Bureau of Labor Statistics.)
- General Fund budgeted revenues for the fiscal year ending June 30, 2025 (\$27,707,647) reflect an increase of 16.7 percent over the final budgeted revenues for the fiscal year ended June 30, 2024 (\$23,736,002). In light of recent economic uncertainty the City anticipates very little to no growth in tax income. General Fund expenditures in fiscal year 2025 are budgeted \$3,135,454 greater than fiscal year 2024. This increase is primarily due to an increase in public safety costs and a transfer from the General Fund to the Capital Projects Fund for construction of a new Public Works facility.
- 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 that covers fiscal years 2021 to 2026.

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## **REQUEST FOR INFORMATION**

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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](mailto:mhill@midvale.com).

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# BASIC FINANCIAL SECTION



**Midvale City**  
**Statement of Net Position**  
**June 30, 2024**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Current assets:			
Cash, cash equivalents, and investments:			
Unrestricted	\$ 33,999,411	\$ 5,917,286	\$ 39,916,697
Restricted	2,230,000	11,925,172	14,155,172
Receivables (net of allowance for uncollectibles):			
Accounts and taxes	6,775,996	1,846,693	8,622,689
Contracts	-	11,100	11,100
Notes	208,620	-	208,620
Court fines	276,689	-	276,689
Due from other governments	1,307,036	-	1,307,036
Inventory	-	360,779	360,779
Internal balances	(717,983)	717,983	-
Prepays and deposits	103,312	39,015	142,327
Total current assets	<u>44,183,081</u>	<u>20,818,028</u>	<u>65,001,109</u>
Noncurrent assets:			
Contracts receivable	-	70,850	70,850
Notes receivable	3,166,217	-	3,166,217
Investment in Joint Ventures	-	7,216,013	7,216,013
Land Held for resale	150,130	-	150,130
Capital assets not being depreciated:			
Land	65,065,740	115,062	65,180,802
Water stock	-	3,081,299	3,081,299
Construction in progress	670,303	2,367,648	3,037,951
Capital assets, net of accumulated depreciation:			
Buildings	20,155,336	3,054,702	23,210,038
Improvements other than buildings	3,149,353	34,772,244	37,921,597
Equipment	2,854,252	207,296	3,061,548
Infrastructure	17,158,159	-	17,158,159
Total noncurrent assets	<u>112,369,490</u>	<u>50,885,114</u>	<u>163,254,604</u>
Total assets	<u>156,552,571</u>	<u>71,703,142</u>	<u>228,255,713</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	1,364,987	499,607	1,864,594
Deferred charge on refunding	-	55,536	55,536
Total deferred outflows of resources	<u>1,364,987</u>	<u>555,143</u>	<u>1,920,130</u>

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

**Midvale City**  
**Statement of Net Position (Continued)**  
**June 30, 2024**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	1,372,287	437,492	1,809,779
Accrued liabilities	283,051	101,231	384,282
Accrued interest payable	315,852	250,875	566,727
Compensated absences	309,493	170,396	479,889
Unearned revenue	-	4,038,597	4,038,597
Bonds and notes payable	3,650,718	1,710,545	5,361,263
Total current liabilities	5,931,401	6,709,136	12,640,537
Noncurrent liabilities:			
Compensated absences	179,584	69,409	248,993
Deposits held	362,543	55,566	418,109
Bonds and notes payable	43,276,863	25,323,854	68,600,717
Net pension liability	758,642	277,755	1,036,397
Total noncurrent liabilities	44,577,632	25,726,584	70,304,216
Total liabilities	50,509,033	32,435,720	82,944,753
Deferred inflows of resources:			
Deferred property tax revenue	4,458,905	-	4,458,905
Deferred inflows related to pensions, net	7,707	2,958	10,665
Total deferred inflows of resources	4,466,612	2,958	4,469,570
<b><u>NET POSITION</u></b>			
Net investment in capital assets	68,549,681	27,171,629	95,721,310
Restricted for:			
Capital projects and redevelopment	17,067,676	1,435,019	18,502,695
Development-related funds	306,194	-	306,194
Debt service	3,486,002	-	3,486,002
Unrestricted	13,532,360	11,212,959	24,745,319
<b>Total net position</b>	<b>\$ 102,941,913</b>	<b>\$ 39,819,607</b>	<b>\$ 142,761,520</b>

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

**Midvale City**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2024**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Governmental activities</b>							
General government	\$ 4,443,602	\$ 43,434	\$ 208,867	\$ -	\$ (4,191,301)	\$ -	\$ (4,191,301)
Public safety	12,419,796	988,609	-	-	(11,431,187)	-	(11,431,187)
Highways and public improvements	5,611,441	-	-	4,850,275	(761,166)	-	(761,166)
Parks, recreation and public property	1,727,818	30,705	-	-	(1,697,113)	-	(1,697,113)
Redevelopment	4,597,095	-	9,871,957	-	5,274,862	-	5,274,862
Community development	1,142,786	875,327	-	105,000	(162,459)	-	(162,459)
Interest and other fiscal charges	1,588,700	-	-	-	(1,588,700)	-	(1,588,700)
<b>Total governmental activities</b>	<b>31,531,238</b>	<b>1,938,075</b>	<b>10,080,824</b>	<b>4,955,275</b>	<b>(14,557,064)</b>	<b>-</b>	<b>(14,557,064)</b>
<b>Business-type activities</b>							
Water	6,319,506	6,775,219	-	-	-	455,713	455,713
Sewer	3,412,784	3,727,364	-	-	-	314,580	314,580
Storm water	2,075,930	2,192,849	-	-	-	116,919	116,919
Sanitation	1,428,315	1,503,017	-	-	-	74,702	74,702
Telecommunications	980,195	10,989	-	-	-	(969,206)	(969,206)
Street lighting	399,773	409,139	-	-	-	9,366	9,366
<b>Total business-type activities</b>	<b>14,616,503</b>	<b>14,618,577</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,074</b>	<b>2,074</b>
<b>Total primary government</b>	<b>\$ 46,147,741</b>	<b>\$ 16,556,652</b>	<b>\$ 10,080,824</b>	<b>\$ 4,955,275</b>	<b>(14,557,064)</b>	<b>2,074</b>	<b>(14,554,990)</b>
<b>General revenues</b>							
Property taxes					3,768,493	-	3,768,493
Sales taxes					12,519,490	-	12,519,490
Telecommunications and franchise taxes					3,349,211	-	3,349,211
Gain on equity investment					-	279,779	279,779
Gain on disposal of equipment					448,016	-	448,016
Interest income					1,957,023	805,094	2,762,117
Miscellaneous					331,613	-	331,613
<b>Transfers</b>					<b>(695,612)</b>	<b>695,612</b>	<b>-</b>
<b>Total general revenues and transfers</b>					<b>21,678,234</b>	<b>1,780,485</b>	<b>23,458,719</b>
Changes in net position					7,121,170	1,782,559	8,903,729
<b>Net position, beginning of year</b>					<b>95,820,743</b>	<b>38,037,048</b>	<b>133,857,791</b>
<b>Net position, end of year</b>					<b>\$ 102,941,913</b>	<b>\$ 39,819,607</b>	<b>\$ 142,761,520</b>

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

## **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**Midvale City**  
**Balance Sheet - Governmental Funds**  
**June 30, 2024**

	<u>Special Revenue</u>				
	<u>General Fund</u>	<u>Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>					
Cash, cash equivalents, and investments:					
Unrestricted	\$ 5,649,728	\$ 15,893,033	\$ 8,643,116	\$ 93,068	\$ 30,278,945
Restricted	306,194	1,295,983	-	627,823	2,230,000
Receivables, net:					
Accounts and other	-	-	-	5,859	5,859
Taxes	5,603,943	994,318	171,876	-	6,770,137
Court fines	276,689	-	-	-	276,689
Intergovernmental	1,307,036	-	-	-	1,307,036
Notes	-	1,812,641	-	1,562,196	3,374,837
Deposits	10,647	-	-	-	10,647
Prepaid assets	85,253	5,722	-	-	90,975
Land held for resale	-	150,130	-	-	150,130
Total assets	13,239,490	20,151,827	8,814,992	2,288,946	44,495,255
<b><u>LIABILITIES</u></b>					
Accounts payable	225,271	771,473	360,231	-	1,356,975
Accrued liabilities	255,574	18,514	-	-	274,088
Deposits held	356,668	3,000	2,875	-	362,543
Total liabilities	837,513	792,987	363,106	-	1,993,606
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred property tax revenue	3,464,587	994,318	-	-	4,458,905
Unavailable revenue - fines, fees, and other	276,007	863	-	-	276,870
Total deferred inflows of resources	3,740,594	995,181	-	-	4,735,775
<b><u>FUND BALANCES</u></b>					
Nonspendable:					
Prepays	85,253	-	-	-	85,253
Restricted for:					
Development-related funds	306,194	-	-	-	306,194
Debt service	-	1,295,983	-	2,190,019	3,486,002
Total restricted	306,194	1,295,983	-	2,190,019	3,792,196
Assigned to:					
Redevelopment	-	17,067,676	-	-	17,067,676
Capital projects	-	-	8,451,886	-	8,451,886
Debt service	-	-	-	98,927	98,927
Total assigned	-	17,067,676	8,451,886	98,927	25,618,489
Unassigned	8,269,936	-	-	-	8,269,936
Total fund balances	8,661,383	18,363,659	8,451,886	2,288,946	37,765,874
Total Liabilities, deferred inflows of resources, and fund balances	\$ 13,239,490	\$ 20,151,827	\$ 8,814,992	\$ 2,288,946	\$ 44,495,255

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, 2024

Total Fund Balance - Governmental Funds		\$ 37,765,874
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 157,429,280	
Less: accumulated depreciation	(50,847,074)	106,582,206
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Revenue bonds payable	\$ (40,503,275)	
Notes payable	(6,424,306)	
Interest payable	(315,852)	
Compensated absences	(459,881)	
Net pension liability	(738,536)	(48,441,850)
Unavailable revenue is recorded as a deferred inflow in the governmental funds but not in the governmental activities because it qualifies for recognition under the economic resources measurement focus.		
		276,870
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows related to pensions	\$ 1,335,603	
Deferred inflows related to pensions	(7,552)	1,328,051
Internal service funds are used by management to charge the cost of fleet maintenance and computer equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities of the statement of net position.		
		5,430,762
Net position - governmental activities		\$ 102,941,913

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

**Midvale City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2024**

	<u>Special Revenue</u>			<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Redevelopment</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Agency</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<b>REVENUES</b>					
Taxes	\$ 17,989,546	\$ 880,701	\$ 1,040,375	\$ -	\$ 19,910,622
Licenses and permits	696,558	-	-	-	696,558
Intergovernmental	4,559,142	9,598,529	605,000	-	14,762,671
Charges for services	223,019	43,434	-	-	266,453
Fines and forfeitures	925,760	-	-	-	925,760
Interest income	350,218	987,095	331,559	81,246	1,750,118
Lease revenue	-	-	-	658,032	658,032
Miscellaneous	26,305	-	-	-	26,305
Total revenues	24,770,548	11,509,759	1,976,934	739,278	38,996,519
<b>EXPENDITURES</b>					
Current:					
General government	4,351,535	-	-	352,724	4,704,259
Public safety	12,348,134	-	-	-	12,348,134
Highways and public improvements	1,539,315	1,298,528	-	-	2,837,843
Parks, recreation and public property	1,206,764	-	-	-	1,206,764
Redevelopment	-	3,779,281	-	-	3,779,281
RDA administration	-	827,760	-	-	827,760
Community development	1,164,865	-	-	-	1,164,865
Total current expenditures	20,610,613	5,905,569	-	352,724	26,868,906
Capital outlay	-	-	2,021,302	-	2,021,302
Debt service:					
Principal	-	2,207,000	-	1,580,951	3,787,951
Interest	-	1,275,772	-	568,303	1,844,075
Total expenditures	20,610,613	9,388,341	2,021,302	2,501,978	34,522,234
Excess (deficiency) of revenues over (under) expenditures	4,159,935	2,121,418	(44,368)	(1,762,700)	4,474,285
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of assets	-	275,060	-	-	275,060
Transfers in	-	318,499	1,978,309	1,583,856	3,880,664
Transfers out	(4,127,145)	(449,131)	-	-	(4,576,276)
Total other financing sources (uses)	(4,127,145)	144,428	1,978,309	1,583,856	(420,552)
Net change in fund balances	32,790	2,265,846	1,933,941	(178,844)	4,053,733
Fund balance, beginning of year	8,628,593	16,097,813	6,517,945	2,467,790	33,712,141
Fund balance, end of year	\$ 8,661,383	\$ 18,363,659	\$ 8,451,886	\$ 2,288,946	\$ 37,765,874

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**  
**For the Fiscal Year Ended June 30, 2024**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 4,053,733</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital Outlay	\$ 788,704	
Depreciation Expense	<u>(2,459,291)</u>	(1,670,587)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	3,787,951
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Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest expense	\$ (23,749)	
Amortization of discounts and premiums	279,124	
Net pension liability adjustments	130,568	
Change in compensated absences	<u>19,309</u>	405,252

Governmental funds recognize revenues when they are both measurable and available; however, in the statement of activities, revenue is recognized when earned.	50,167
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An internal service fund is used by management to charge the cost of fleet maintenance and computer equipment to individual funds. The net expense of the internal service is reported within the governmental activities.	<u>494,654</u>
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<b>Change in net position - governmental activities</b>	<b><u>\$ 7,121,170</u></b>
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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, 2024**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Storm Water	Other Enterprise Funds	Total	Internal Service Funds
<b><u>ASSETS</u></b>						
Current assets:						
Cash, cash equivalents, and investments	\$ 2,837,766	\$ 1,180,979	\$ 1,317,602	\$ 580,939	\$ 5,917,286	\$ 3,720,466
Receivables:						
Accounts, net	940,214	469,137	227,617	209,725	1,846,693	-
Contracts	-	-	-	11,100	11,100	-
Inventory	360,779	-	-	-	360,779	-
Prepaid assets	15,078	11,340	12,219	378	39,015	1,690
Total current assets	4,153,837	1,661,456	1,557,438	802,142	8,174,873	3,722,156
Noncurrent assets:						
Restricted cash, and cash equivalents	9,879,977	2,045,195	-	-	11,925,172	-
Contracts receivable	-	-	-	70,850	70,850	-
Investment in joint venture:						
South Valley Water Reclamation	-	4,910,761	-	-	4,910,761	-
Trans-Jordan Cities Landfill	-	-	-	2,305,252	2,305,252	-
Capital assets:						
Land	115,062	-	-	-	115,062	-
Water stock	3,081,299	-	-	-	3,081,299	-
Construction in progress	2,367,648	-	-	-	2,367,648	-
Buildings, net	1,497,966	-	1,556,736	-	3,054,702	-
Improvements, net	26,657,279	3,780,450	4,334,515	-	34,772,244	-
Automobiles, net	-	-	-	-	-	1,864,612
Machinery and equipment, net	42,792	163,861	643	-	207,296	606,325
Total noncurrent assets	43,642,023	10,900,267	5,891,894	2,376,102	62,810,286	2,470,937
Total assets	47,795,860	12,561,723	7,449,332	3,178,244	70,985,159	6,193,093
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>						
Pensions	195,789	112,988	180,253	10,577	499,607	29,384
Deferred charge on refunding	46,649	8,887	-	-	55,536	-
Total deferred outflows of resources	242,438	121,875	180,253	10,577	555,143	29,384

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

**Midvale City**  
**Statement of Net Position - Proprietary Funds (Continued)**  
**June 30, 2024**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Storm Water	Other Enterprise Funds	Total	Internal Service Funds
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	300,042	12,816	3,849	120,785	437,492	15,312
Accrued liabilities	40,140	25,567	34,308	1,216	101,231	8,963
Accrued interest payable	190,768	50,179	9,928	-	250,875	-
Compensated absences	60,931	45,440	61,425	2,600	170,396	24,495
Unearned revenue	4,038,597	-	-	-	4,038,597	-
Notes payable	-	-	-	10,545	10,545	-
Bonds payable	1,084,200	229,800	386,000	-	1,700,000	-
Total current liabilities	5,714,678	363,802	495,510	135,146	6,709,136	48,770
Noncurrent liabilities:						
Compensated absences	32,595	7,821	28,993	-	69,409	4,701
Deposits held	55,566	-	-	-	55,566	-
Notes payable	-	-	-	67,306	67,306	-
Bonds payable	18,695,668	4,749,880	1,811,000	-	25,256,548	-
Net pension liability	108,822	72,755	92,550	3,628	277,755	20,106
Total noncurrent liabilities	18,892,651	4,830,456	1,932,543	70,934	25,726,584	24,807
Total liabilities	24,607,329	5,194,258	2,428,053	206,080	32,435,720	73,577
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pensions	1,142	817	956	43	2,958	155
Total deferred inflows of resources	1,142	817	956	43	2,958	155
<b>NET POSITION</b>						
Net investment in capital assets	22,463,600	1,013,135	3,694,894	-	27,171,629	2,470,937
Restricted for:						
Debt service	324,815	2,426	-	-	327,241	-
Capital improvements	1,107,778	-	-	-	1,107,778	-
Unrestricted	(466,366)	6,472,962	1,505,682	2,982,698	10,494,976	3,677,808
Total net position	\$23,429,827	\$ 7,488,523	\$ 5,200,576	\$ 2,982,698	39,101,624	\$ 6,148,745
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time					717,983	
Total net position - business-type activities					\$39,819,607	

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

# Midvale City

## Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Fiscal Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Storm Water	Other Enterprise Funds	Total	Internal Service Funds
<b><u>OPERATING REVENUES</u></b>						
Charges for services	\$ 6,591,497	\$ 3,683,470	\$ 2,097,190	\$ 1,923,145	\$14,295,302	\$ 1,562,443
Connection fees	129,347	20,600	-	-	149,947	-
Other	54,375	23,294	95,659	-	173,328	2,462
Total operating revenues	6,775,219	3,727,364	2,192,849	1,923,145	14,618,577	1,564,905
<b><u>OPERATING EXPENSES</u></b>						
Salaries and wages	752,292	500,637	636,616	24,578	1,914,123	169,941
Employee benefits	372,871	257,643	329,242	9,955	969,711	69,988
Administration	961,219	679,311	652,703	391,709	2,684,942	253,386
Supplies	1,968	-	-	-	1,968	148,685
Repairs and maintenance	692,129	191,919	271,876	-	1,155,924	131,652
Waste disposal	-	-	-	1,279,410	1,279,410	-
Purchase/treatment:						
Water	1,862,965	-	-	-	1,862,965	-
Sewer	-	1,515,669	-	-	1,515,669	-
Street lighting	-	-	-	122,436	122,436	-
Telecommunication	-	-	-	980,195	980,195	-
Depreciation	1,003,042	137,436	212,623	-	1,353,101	484,382
Total operating expenses	5,646,486	3,282,615	2,103,060	2,808,283	13,840,444	1,258,034
Operating income (loss)	1,128,733	444,749	89,789	(885,138)	778,133	306,871
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>						
Interest income	587,428	122,871	69,809	24,986	805,094	206,042
Interest expense	(723,795)	(207,362)	(36,113)	-	(967,270)	-
Gain on equity investment	-	-	-	279,779	279,779	-
Gain on disposal of equipment	-	-	-	-	-	172,956
Total nonoperating revenues (expenses)	(136,367)	(84,491)	33,696	304,765	117,603	378,998
Net income before transfers	992,366	360,258	123,485	(580,373)	895,736	685,869
Transfers in	-	-	-	695,612	695,612	-
Change in net position	992,366	360,258	123,485	115,239	1,591,348	685,869
Net position, beginning of year	22,437,461	7,128,265	5,077,091	2,867,459		5,462,876
Net position, end of year	<u>\$23,429,827</u>	<u>\$ 7,488,523</u>	<u>\$ 5,200,576</u>	<u>\$ 2,982,698</u>		<u>\$ 6,148,745</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds					191,211	
<b>Change in net position - business-type activities</b>					<u>\$ 1,782,559</u>	

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

**Midvale City**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2024**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Storm Water	Other Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>						
Receipts from customers	\$ 6,571,587	\$ 3,643,607	\$ 2,083,568	\$ 2,184,038	\$ 14,482,800	\$ -
Receipts from interfund services	40,408	-	99,139	3,463	143,010	1,564,905
Payments to suppliers	(2,627,576)	(1,989,909)	(368,667)	(2,447,911)	(7,434,063)	(449,203)
Payments for interfund services	(830,988)	(558,526)	(567,798)	(348,155)	(2,305,467)	(103,019)
Payments to employees	(1,140,738)	(773,877)	(978,890)	(35,546)	(2,929,051)	(231,176)
<b>Net cash provided (used) by operating activities</b>	<b>2,012,693</b>	<b>321,295</b>	<b>267,352</b>	<b>(644,111)</b>	<b>1,957,229</b>	<b>781,507</b>
<b>Cash flows from noncapital financing activities</b>						
Transfers from other funds	-	-	-	695,612	695,612	-
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>695,612</b>	<b>695,612</b>	<b>-</b>
<b>Cash flows from capital and related financing activities</b>						
Purchase of capital assets	(2,295,670)	-	-	-	(2,295,670)	(1,006,373)
Proceeds from sale of capital assets	-	-	-	-	-	176,013
Proceeds from the issuance of capital debt	8,475,024	1,860,371	-	-	10,335,395	-
Principal paid on capital debt	(1,053,800)	(216,200)	(382,000)	-	(1,652,000)	-
Interest and fees paid on capital debt	(681,569)	(200,735)	(34,830)	-	(917,134)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>4,443,985</b>	<b>1,443,436</b>	<b>(416,830)</b>	<b>-</b>	<b>5,470,591</b>	<b>(830,360)</b>
<b>Cash flows from investing activities</b>						
Interest received	587,428	122,871	69,809	24,986	805,094	206,042
<b>Net cash provided by investing activities</b>	<b>587,428</b>	<b>122,871</b>	<b>69,809</b>	<b>24,986</b>	<b>805,094</b>	<b>206,042</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>7,044,106</b>	<b>1,887,602</b>	<b>(79,669)</b>	<b>76,487</b>	<b>8,928,526</b>	<b>157,189</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>5,673,637</b>	<b>1,338,572</b>	<b>1,397,271</b>	<b>504,452</b>	<b>8,913,932</b>	<b>3,563,277</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 12,717,743</b>	<b>\$ 3,226,174</b>	<b>\$ 1,317,602</b>	<b>\$ 580,939</b>	<b>\$ 17,842,458</b>	<b>\$ 3,720,466</b>
<b>Unrestricted cash</b>	<b>\$ 2,837,766</b>	<b>\$ 1,180,979</b>	<b>\$ 1,317,602</b>	<b>\$ 580,939</b>	<b>\$ 5,917,286</b>	<b>\$ 3,720,466</b>
<b>Restricted cash</b>	<b>9,879,977</b>	<b>2,045,195</b>	<b>-</b>	<b>-</b>	<b>11,925,172</b>	<b>-</b>
	<b>\$ 12,717,743</b>	<b>\$ 3,226,174</b>	<b>\$ 1,317,602</b>	<b>\$ 580,939</b>	<b>\$ 17,842,458</b>	<b>\$ 3,720,466</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>						
Operating income (loss)	\$ 1,128,733	\$ 444,749	\$ 89,789	\$ (885,138)	\$ 778,133	\$ 306,871
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:						
Depreciation	1,003,042	137,436	212,623	-	1,353,101	484,382
Pension expense adjustment	(20,616)	(16,353)	(16,799)	(950)	(54,718)	(1,170)
Changes in operating assets and liabilities:						
(Increase) decrease in receivables	(163,275)	(83,757)	(10,142)	(23,261)	(280,435)	-
(Increase) decrease in contracts receivable	-	-	-	21,430	21,430	-
(Increase) decrease in notes receivable	-	-	-	266,187	266,187	-
(Increase) decrease in inventory	17,894	-	-	-	17,894	-
(Increase) decrease in prepaid assets	(14,347)	(10,717)	(11,354)	(344)	(36,762)	(1,533)
Increase (decrease) in accounts payable	56,170	(150,819)	(532)	(1,612)	(96,793)	(16,966)
Increase (decrease) in accrued liabilities	20	(163)	3,374	(143)	3,088	3,232
Increase (decrease) in customer deposits	51	-	-	-	51	-
Increase (decrease) in compensated absences	5,021	919	393	80	6,413	6,691
Increase (decrease) in notes payable	-	-	-	(20,360)	(20,360)	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,012,693</b>	<b>\$ 321,295</b>	<b>\$ 267,352</b>	<b>\$ (644,111)</b>	<b>\$ 1,957,229</b>	<b>\$ 781,507</b>

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, 2024**

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**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.



**Midvale City**  
**Notes to the Financial Statements**  
**June 30, 2024**

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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.

**Midvale City**  
**Notes to the Financial Statements**  
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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 Redevelopment Agency is a legally separate entity and is being included in the financial statements as a blended component unit.

The City reports the following nonmajor governmental funds:

The *Debt Service Fund* accounts for the financial resources to be used for long-term debt and interest for Midvale City (not including debt issued by the RDA, MBA, or enterprise funds).

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 Municipal Building Authority is a legally separate entity being included in the financial statements as a blended component unit. The Municipal Building Authority Fund is the only fund of this blended component unit.

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.

**Midvale City**  
**Notes to the Financial Statements**  
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Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges for the City's water, sewer, and storm water services to the various other departments of the City. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned. 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, 2024 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, 2024 is \$36,797.

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 uses the consumption method for treatment of prepaid items.

Midvale City  
Notes to the Financial Statements  
June 30, 2024

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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**  
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Deferred Inflows and Outflows of Resources

Deferred inflows of resources represent an acquisition of net assets 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 assets that applies to a future periods and is therefore deferred until that time. As of June 30, 2024 the recorded deferred outflows and inflows of resources were related to pensions, with additional deferred inflows originating from RDA activities and property taxes.

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, for example, 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.

The general fund is the only fund that reports a positive unassigned fund balance amount and it is inappropriate to do so in other governmental funds. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

**Midvale City**  
**Notes to the Financial Statements**  
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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.

The general fund is typically used to liquidate pension/OPEB liabilities.

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 1<sup>st</sup>. Taxes are levied on all business personal property on January 1<sup>st</sup>, and real estate and improvement taxes are levied on January 1<sup>st</sup> and are payable by November 30<sup>th</sup>. 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 22<sup>nd</sup> 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.

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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. The details of these differences are reported in the reconciliation on page 34.

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. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 36.

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**Midvale City**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**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 are 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.



**Midvale City**  
**Notes to the Financial Statements**  
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**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 Utah Money Management 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, 2024, \$3,474,464 of the City's bank balances of \$3,974,464 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**  
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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, 2024, the City had the following recurring fair value measurements:

Investment Type	Fair Value	Level 1	Level 2	Level 3
Utah Public Treasurer's Investment Fund	\$ 45,567,880	\$ -	\$ 45,567,880	\$ -
Money Market	552,014	552,014	-	-
Certificates of Deposit	4,011,662	-	4,011,662	-
Corporate	401,759	-	401,759	-
U.S. Treasuries	70,966	70,966	-	-
Yankee Bonds	240,037	-	240,037	-
<b>Total</b>	<b>\$ 50,844,318</b>	<b>\$ 622,980</b>	<b>\$ 50,221,338</b>	<b>\$ -</b>

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 fair 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, 2023, 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, 2024

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, 2024, the City’s investments had the following maturity and quality ratings:

Investment Type	Fair Value	Investment Maturities (in Years)			S&P Rating
		Less Than 1	1-5		
Utah Public Treasurer's Investment Fund	\$ 45,567,880	\$ 45,567,880	\$ -		Unrated
Money Market	552,014	552,014	-		BBB+
Certificates of Deposit	4,011,662	1,467,883	2,543,779		AA+ to BBB-
Corporate	401,759	-	401,759		AA+ to A-
U.S. Treasuries	70,966	-	70,966		AA+
Yankee Bonds	240,037	240,037	-		
	<u>\$ 50,844,318</u>	<u>\$ 47,827,814</u>	<u>\$ 3,016,504</u>		<u>0</u>

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, 2024, the City does not hold more than 5 percent of total investments in any single security concentration.

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**Midvale City**  
**Notes to the Financial Statements**  
**June 30, 2024**

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, 2024, Midvale City safe-kept all investments with custodian counterparty Moreton Asset Management, LLC, 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, 2024, 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 Activities**

		Special Revenue		Other	Total
	General Fund	Redevelopment Agency	Capital Projects	Governmental Funds	Governmental Funds
Receivables:					
Taxes	\$ 5,603,943	\$ 994,318	\$ 171,876	\$ -	\$ 6,770,137
Accounts and other	-	-	-	5,859	5,859
Court fines	276,689	-	-	-	276,689
Intergovernmental	1,307,036	-	-	-	1,307,036
Notes	-	1,812,641	-	1,562,196	3,374,837
<b>Net total receivables</b>	<b>\$ 7,187,668</b>	<b>\$ 2,806,959</b>	<b>\$ 171,876</b>	<b>\$ 1,568,055</b>	<b>\$ 11,734,558</b>

**Business-type Activities**

	Water	Sewer	Storm Water	Other Enterprise Funds	Total Enterprise Funds
Receivables:					
Accounts	\$ 948,429	\$ 481,277	\$ 234,194	\$ 219,590	\$ 1,883,490
Contracts	-	-	-	81,950	81,950
Gross receivables	948,429	481,277	234,194	301,540	1,965,440
Less: allowance for uncollectibles	(8,215)	(12,140)	(6,577)	(9,865)	(36,797)
<b>Net total receivables</b>	<b>\$ 940,214</b>	<b>\$ 469,137</b>	<b>\$ 227,617</b>	<b>\$ 291,675</b>	<b>\$ 1,928,643</b>

Midvale City  
Notes to the Financial Statements  
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**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 land held for resale is reported at cost (which is the lesser of cost or fair value). 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, there was no unearned revenue and the various components of deferred revenue reported in the government funds were as follows:

	<u>Unavailable</u>
Property taxes receivable (General Fund)	\$ 3,464,587
Property taxes receivable (RDA Fund)	994,318
Court fines receivable (General Fund)	275,091
Interest receivable (RDA Fund)	863
Code enforcement liens receivable (General Fund)	<u>916</u>
Total deferred revenue for governmental funds	<u>\$ 4,735,775</u>

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**Midvale City**  
**Notes to the Financial Statements**  
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**Capital Assets**

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 65,065,740	\$ -	\$ -	\$ 65,065,740
Construction in progress	102,790	567,513	-	670,303
Total capital assets not being depreciated	65,168,530	567,513	-	65,736,043
Capital assets being depreciated:				
Buildings	27,066,336	-	-	27,066,336
Improvements other than buildings	4,496,724	-	-	4,496,724
Infrastructure	57,816,651	215,191	-	58,031,842
Machinery and equipment	6,834,004	1,012,376	(260,527)	7,585,853
Total capital assets being depreciated	96,213,715	1,227,567	(260,527)	97,180,755
Less accumulated depreciation for:				
Buildings	(6,357,998)	(553,002)	-	(6,911,000)
Improvements other than buildings	(1,186,251)	(161,120)	-	(1,347,371)
Infrastructure	(39,251,408)	(1,622,275)	-	(40,873,683)
Machinery and equipment	(4,381,787)	(607,276)	257,462	(4,731,601)
Total accumulated depreciation	(51,177,444)	(2,943,673)	257,462	(53,863,655)
Total capital assets being depreciated, net	45,036,271	(1,716,106)	(3,065)	43,317,100
<b>Governmental activities capital assets, net</b>	<b>\$ 110,204,801</b>	<b>\$ (1,148,593)</b>	<b>\$ (3,065)</b>	<b>\$ 109,053,143</b>

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**Midvale City**  
**Notes to the Financial Statements**  
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Capital asset activity for the year ended June 30, 2024 was as follows (continued):

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Water stock and rights	\$ 3,081,299	\$ -	\$ -	\$ 3,081,299
Land	115,062	-	-	115,062
Construction in progress	77,818	2,289,830	-	2,367,648
Total capital assets not being depreciated	3,274,179	2,289,830	-	5,564,009
Capital assets being depreciated:				
Buildings	4,174,626	-	-	4,174,626
Improvements other than buildings:				
Water	41,346,082	-	-	41,346,082
Sewer	5,218,985	-	-	5,218,985
Infrastructure	7,010,064	-	-	7,010,064
Machinery and equipment	503,720	5,842	-	509,562
Total capital assets being depreciated	58,253,477	5,842	-	58,259,319
Less accumulated depreciation for:				
Buildings	(1,027,502)	(92,423)	-	(1,119,925)
Improvements other than buildings:				
Water	(13,750,078)	(938,725)	-	(14,688,803)
Sewer	(1,330,568)	(107,967)	-	(1,438,535)
Infrastructure	(2,501,672)	(173,877)	-	(2,675,549)
Machinery and equipment	(262,156)	(40,109)	-	(302,265)
Total accumulated depreciation	(18,871,976)	(1,353,101)	-	(20,225,077)
Total capital assets being depreciated, net	39,381,501	(1,347,259)	-	38,034,242
<b>Business-type activities capital assets, net</b>	<b>\$ 42,655,680</b>	<b>\$ 942,571</b>	<b>\$ -</b>	<b>\$ 43,598,251</b>

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Midvale City
Notes to the Financial Statements
June 30, 2024

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

<b>Governmental activities:</b>	
General government	\$ 297,371
Public safety	72,079
Highways and public improvements	1,635,710
Parks, recreation, and public property	454,131
Capital assets held by the government's Internal Service Funds are charged to various functions based on their usage of assets	<u>484,382</u>
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 2,943,673</u></b>
<b>Business-type activities:</b>	
Water	\$ 1,003,042
Sewer	137,436
Storm water	<u>212,623</u>
<b>Total depreciation expense - business-type activities</b>	<b><u>\$ 1,353,101</u></b>

As of June 30, 2024, the City had construction commitments of \$9,738,313 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, 2024

The following entities have capacity rights as of December 31, 2023.

Entity	Percent	Capacity
		(in millions of gallons per day)
South Valley Sewer District	38.72%	19.36
West Jordan City	36.44%	18.22
Sandy Suburban Improvement District	11.00%	5.50
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 \$1,497,252 and made no capital contributions to SVWRF in fiscal year ended June 30, 2024. Future capital contributions are anticipated.

The complete financial statements for South Valley Water Reclamation Facility for the year ended December 31, 2022 can be obtained from South Valley Water Reclamation Facility, 7495 South 1300 West, West Jordan, UT 84084-3417.

Trans-Jordan Cities Landfill

The Trans-Jordan 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, 2024, the City has a 5.2 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, 2024 is reported in the government-wide statement of net position.

Tipping fees paid from the Sanitation Fund to Trans-Jordan Cities were \$263,768 for fiscal year 2024.

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, 2024**

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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, 2024, the net position deficit was \$356,205,916.

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 was 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. These bonds were refinance in 2011 and in 2022, but neither refinance changed the member city's financial obligations. Until the bonds are due in 2040, 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 \$969,829 in Fiscal Year 2024 to \$1,331,367 in Fiscal Year 2040. Cumulative pledge payments made by the City to UTOPIA total \$11,296,401. 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 expens- es its annual pledge payment.

**Midvale City**  
**Notes to the Financial Statements**  
**June 30, 2024**

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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 \$355 million, as of June 30, 2024. 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, 2024, the net position was a \$771,385 deficit.

Unified Police Department (UPD)

The UPD is a Police Department that serves the following Salt Lake County entities: Town of Brighton, Copperton, City of Holladay, Emigration Canyon, City of Kearns, Magna City, Midvale City, Millcreek, and White City. 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. The UPD chief of police manages shared services and 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 \$11,951,605 in member assessment fees in fiscal year 2024.

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Midvale City
Notes to the Financial Statements
June 30, 2024

Interfund Receivable, Payables and Transfers

During fiscal year 2024, a number of transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2024 were as follows:

Fund Transferring Out	Fund Receiving Transfer	Purpose	Amount
General Fund	Capital Projects	Budgeted capital projects	\$ 1,978,309
General Fund	RDA Fund	700 W Sidewalk	318,499
General Fund	Debt Service	Debt payment	1,134,725
General Fund	Telecommunications	UTOPIA pledge payment	695,612
RDA Fund	Debt Service	Debt payment	449,131
			<u>\$ 4,576,276</u>

Fund	Transfer Out	Transfer In
General Fund	\$ 4,127,145	\$ -
RDA Fund	449,131	318,499
Telecommunications	-	695,612
Capital Projects	-	1,978,309
Debt Service	-	1,583,856
	<u>\$ 4,576,276</u>	<u>\$ 4,576,276</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The City currently has no general obligation bonds.

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Midvale City
Notes to the Financial Statements
June 30, 2024

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, 2024 by issue are as follows:

Bond Description	Original Issue	Annual Principal	Interest Rate	Final due date	Balance June 30, 2024
<u>Governmental Activities</u>					
Revenue Bonds:					
MBA Lease Revenue, Series 2012	\$ 8,990,000	\$ 235,000 to \$ 520,000	2.00% to 3.50%	10/15/2038	\$ 4,635,000
Sales Tax Revenue, Series 2017	8,340,000	\$ 155,000 to \$ 745,000	2.00% to 4.00%	5/1/2032	5,230,000
RDA Tax Increment and Sales Tax Revenue Refunding, Series 2017	17,670,000	\$ 925,000 to \$ 1,675,000	4.00% to 5.00%	5/1/2034	13,725,000
RDA Tax Increment and Sales Tax Revenue, Series 2018	7,570,000	\$ 385,000 to \$ 730,000	5.00%	5/1/2034	5,910,000
Revenue Bonds from Direct Placements:					
RDA Tax Increment Revenue, Series 2015	12,961,000	\$ 606,000 to \$ 940,000	2.06% to 2.62%	5/1/2034	8,382,000
<u>Business-type Activities</u>					
Revenue Bonds:					
Water, Sewer, and Storm Water Revenue Refunding, Series 2016	4,490,000	\$ 230,000 to \$ 395,000	2.00% to 4.00%	10/1/2032	3,000,000
Water, Sewer, and Storm Water Revenue, Series 2018	6,225,000	\$ 155,000 to \$ 380,000	3.00% to 5.00%	10/1/2043	5,320,000
Water, Sewer, and Storm Water Revenue, Series 2023	9,910,000	\$ 220,000 to \$ 670,000	4.25% to 5.00%	10/1/2048	9,910,000
Revenue Bonds from Direct Placements:					
Water and Sewer Revenue, Series 2007C	5,050,000	\$ 208,000 to \$ 303,000	2.00%	10/1/2029	1,730,000
Water & Sewer Revenue Refunding, Series 2012	1,537,000	\$ 86,000 to \$ 124,000	2.90%	4/1/2027	362,000
Water, Sewer, and Storm Water Revenue Refunding, Series 2020	<u>8,175,000</u>	<u>\$ 514,000 to \$ 906,000</u>	1.36%	10/1/2030	<u>5,652,000</u>
	<u>\$ 90,918,000</u>				<u>\$ 53,946,000</u>

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**Midvale City**  
**Notes to the Financial Statements**  
**June 30, 2024**

Revenue bond debt service requirements to maturity are as follows:

<b>Revenue Bonds from Direct Placements</b>				
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 737,000	\$ 227,273	\$ 1,250,000	\$ 116,124
2026	764,000	200,299	1,274,000	95,473
2027	784,000	180,282	1,296,000	74,396
2028	805,000	159,741	1,185,000	52,990
2029	826,000	138,650	1,203,000	34,930
2030 to 2034	4,466,000	308,112	1,536,000	21,435
	<b>\$ 8,382,000</b>	<b>\$ 1,214,357</b>	<b>\$ 7,744,000</b>	<b>\$ 395,348</b>

<b>Revenue Bonds</b>				
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 2,385,000	\$ 1,301,316	\$ 450,000	\$ 799,075
2026	2,490,000	1,193,453	690,000	775,175
2027	2,590,000	1,080,844	725,000	744,600
2028	2,730,000	963,369	760,000	712,500
2029	2,850,000	838,856	790,000	677,975
2030 to 2034	14,660,000	2,163,197	4,150,000	2,811,975
2035 to 2039	1,795,000	160,581	3,380,000	1,975,175
2040 to 2044	-	-	4,220,000	1,138,644
2045 to 2049	-	-	3,065,000	357,188
	<b>\$ 29,500,000</b>	<b>\$ 7,701,616</b>	<b>\$ 18,230,000</b>	<b>\$ 9,992,307</b>

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 payments total \$43,272,782 (\$19,635,000 RDA, \$5,230,000 Midvale City, and \$18,407,782 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 \$4,264,479 (\$2,518,650 RDA, \$776,000 Midvale City, and \$969,829 UTOPIA), and total sales tax revenues were \$11,479,115. 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 8 percent of pledged revenues, and the annual principal and interest payments on the Midvale City sales tax bonds will require 7 percent of



**Midvale City**  
**Notes to the Financial Statements**  
**June 30, 2024**

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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 22 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. FY2024 revenues from energy sales and use tax were \$2,514,968. If the City is called upon to make a pledge payment, the payment amount would require 14 percent of pledged revenues. UIA has had sufficient revenue to service the debt, and it is unlikely the City's pledge will be required.

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 \$2,236,319. The 2007C bonds mature in 2030 and the 2012 bonds mature in 2027. For the current year, principal and interest paid totaled \$435,755 water and sewer operating revenues totaled \$10,502,583. We estimate that annual principal and interest payments on the bonds will require 4 percent of pledged revenues.

The City has pledged storm water utility revenue, along with water and sewer revenue, for the Series 2016, 2018, 2020, and 2023 revenue bonds. The remaining principal and interest payments total \$34,125,335. The final bonds (series 2023) mature in fiscal year 2049. For the current year, principal and interest paid totaled \$1,947,827 and revenue from water, sewer, and storm water utilities was \$12,695,432. 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 \$34,752,650. The bonds mature in 2034. For the current year, principal and interest paid totaled \$3,482,772. Tax increment revenues were \$7,225,105. We estimate that annual principal and interest payments will require a maximum of 48 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 \$5,880,866. The bonds mature in fiscal year 2039. For the current year, principal and interest paid totaled \$672,921. Lease revenues were \$658,032. We estimate that annual principal and interest payments on the bonds will require 100 percent of pledged revenues.

**Direct Borrowings—Governmental Activities**

The City has borrowed monies from the Utah State Department of Transportation's State Infrastructure Loan Bank. For the construction of a parking structure. It is essential to clarify these direct borrowings are not intended for future capital purposes.



**Midvale City**  
**Notes to the Financial Statements**  
**June 30, 2024**

Direct borrowings outstanding at June 30, 2024 by loan are as follows:

Note Description	Original Issue	Annual Principal	Interest Rate	Final due date	Balance June 30, 2024
UDOT Parking Structure Loan	\$ 2,163,893	\$ 191,821 to \$ 242,732	2.35%	3/22/2031	\$ 1,562,003
2022 SIB Zions Loan	<u>5,500,000</u>	\$ 303,382 to \$ 438,537	2.65%	3/1/2023	<u>4,862,116</u>
	<u>\$ 7,663,893</u>				<u>\$ 6,424,119</u>

Direct borrowings debt service requirements to maturity are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	528,718	165,558
2026	542,295	152,168
2027	556,026	138,437
2028	570,105	124,359
2029	584,541	109,921
2030 to 2034	2,393,404	337,694
2035 to 2037	<u>1,249,030</u>	<u>65,932</u>
	<u>\$ 6,424,119</u>	<u>\$ 1,094,069</u>

The City has pledged pass-through revenue towards the payment of these direct borrowings as both loans also include agreements with private developers for the full amounts of the loans. These direct borrowings are not for capital purposes and will never represent a capital asset to the City.

#### **Notes Payable—Business Type Activities**

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, 2024, the note payable balance for services fees collected was \$77,851. During 2012, the City created a telecommunications enterprise fund to account for the activity of this service contract. These notes payable are not for capital purposes and will never represent a capital asset to the City.

#### **Significant Default Event**

Significant events of default consist of (a) failure to pay principal or interest when due; (b) failure to fulfill all obligations; and (c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings. In the event of default, the City may need to make monthly deposits into the bond fund, principal amounts and accelerated interest may become immediately due. Creditors may also pursue other remedies to recoup debts.

**Midvale City**  
**Notes to the Financial Statements**  
**June 30, 2024**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2024 are as follows:

	<u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Revenue bonds:					
Lease revenue	\$ 5,155,000	\$ -	\$ (520,000)	\$ 4,635,000	\$ 245,000
Tax revenue	26,905,000	-	(2,040,000)	24,865,000	2,140,000
Add: unamortized premiums and discounts	2,900,586	-	(279,124)	2,621,462	-
Revenue bonds from direct placements:					
Tax revenue	9,094,000	-	(712,000)	8,382,000	737,000
Total revenue bonds payable	44,054,586	-	(3,551,124)	40,503,462	3,122,000
Notes payable from direct borrowings	6,962,744	-	(538,625)	6,424,119	528,718
Compensated absences	499,827	305,545	(316,295)	489,077	309,493
Governmental activities, long-term liabilities	<u>\$ 51,517,157</u>	<u>\$ 305,545</u>	<u>\$ (4,406,044)</u>	<u>\$ 47,416,658</u>	<u>\$ 3,960,211</u>
<u>Business-type activities</u>					
Revenue bonds:					
Water, sewer, & storm drain revenue	\$ 8,740,000	\$ 9,910,000	\$ (420,000)	\$ 18,230,000	\$ 450,000
Add: unamortized premium	621,326	425,394	(64,172)	982,548	-
Revenue bonds from direct placements:					
Water & sewer revenue	2,474,000	-	(382,000)	2,092,000	391,000
Water, sewer & storm drain revenue	6,502,000	-	(850,000)	5,652,000	859,000
Total revenue bonds payable	18,337,326	10,335,394	(1,716,172)	26,956,548	1,700,000
Notes payable from direct borrowings	98,211	-	(20,360)	77,851	10,545
Compensated absences	233,392	172,252	(165,839)	239,805	170,396
Business-type activities, long-term liabilities	<u>\$ 18,668,929</u>	<u>\$ 10,507,646</u>	<u>\$ (1,902,371)</u>	<u>\$ 27,274,204</u>	<u>\$ 1,880,941</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, 2024, there is one outstanding unpaid claim that the Trust is working on. Also, the City had no claim settlements during the three years ending June 30, 2024 which exceeded its insurance coverage.

**Midvale City**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Redevelopment Agency**

In connection with the activities of the Redevelopment Agency (RDA), intergovernmental revenues from property tax increments of other governmental entities totaling \$9,598,529 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies.

During the year ended June 30, 2024, funds expended by the RDA were limited to the categories of redevelopment, administration, highways and public improvements, and debt service. Redevelopment costs totaled \$3,779,281, administration costs totaled \$827,760, highways and public improvements costs totaled \$1,298,528 and debt service costs totaled \$3,482,772.

**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.

The Utah Retirement Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State 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](http://www.urs.org).

Midvale City  
 Notes to the Financial Statements  
 June 30, 2024

Summary of Benefits by System

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

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, 2024 are as follows:

	Employee	Employer	Employer 401(k)
<b>Noncontributory System</b>			
15 Local Government - Tier 1 - DB System	-	17.97%	-
111 Local Government - Tier 2 - DB Hybrid System	-	16.01%	0.18%
211 Local Government - Tier 2 - 401(k) Option	-	6.19%	10.00%

**Midvale City**  
**Notes to the Financial Statements**  
**June 30, 2024**

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, 2024, the employer and employee contributions to the Systems were as follows:

System	Employer	Employee
Noncontributory System	\$ 449,345	\$ -
Tier 2 Public Employees System	584,945	-
Tier 2 DC Public Employees Plan	36,796	-
Total Contributions	<u>\$ 1,071,086</u>	<u>\$ -</u>

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, 2024, the City reported a net pension asset of \$0 and a net pension liability of \$1,036,397.

	Measurement Date: December 31, 2023			Proportionate Share	
	Net Pension Liability	Net Pension Asset	Proportionate Share	Dec. 31, 2022	Change
Noncontributory System	\$ 769,444	\$ -	0.3317189%	0.3484096%	-0.0166907%
Tier 2 Public Employees System	266,953	-	0.1371533%	0.1332020%	0.0039513%
Total Net Pension Liability/Asset	<u>\$ 1,036,397</u>	<u>\$ -</u>			

The net pension asset and liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023 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, 2024, the City recognized pension expense of \$884,200.

**Midvale City**  
**Notes to the Financial Statements**  
**June 30, 2024**

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 624,276	\$ 4,372
Changes in assumptions	383,696	211
Net difference between projected and actual earnings on pension plan investments	280,361	-
Changes in proportion and differences between contributions and proportionate share of contributions	35,034	6,082
Contributions subsequent to the measurement date	541,227	-
	<b>\$ 1,864,594</b>	<b>\$ 10,665</b>

The \$541,227 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, 2023.

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:

<b>Year Ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2024	\$ 362,491
2025	353,852
2026	531,826
2027	(85,097)
2028	27,229
Thereafter	122,401

**Midvale City**  
**Notes to the Financial Statements**  
**June 30, 2024**

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2024, we recognized pension expense of \$535,646.

At June 30, 2024, 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	\$ 538,773	\$ -
Changes in assumptions	230,894	-
Net difference between projected and actual earnings on pension plan investments	250,216	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,316	320
Contributions subsequent to the measurement date	227,190	-
	<u>\$ 1,248,389</u>	<u>\$ 320</u>

The \$227,190 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, 2023.

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
2024	\$ 337,410
2025	318,138
2026	470,424
2027	(105,093)
2028	-
Thereafter	-



**Midvale City**  
**Notes to the Financial Statements**  
**June 30, 2024**

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

For the year ended June 30, 2024, we recognized pension expense of \$348,554.

At June 30, 2024, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 85,503	\$ 4,372
Changes in assumptions	152,802	211
Net difference between projected and actual earnings on pension plan investments	30,145	-
Changes in proportion and differences between contributions and proportionate share of contributions	33,718	5,762
Contributions subsequent to the measurement date	314,037	-
	<u>\$ 616,205</u>	<u>\$ 10,345</u>

The \$314,037 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, 2023.

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:

<b>Year Ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2024	\$ 25,081
2025	35,714
2026	61,402
2027	19,994
2028	27,229
Thereafter	122,403



Midvale City  
Notes to the Financial Statements  
June 30, 2024

Actuarial Assumptions

The total pension liability in the December 31, 2023 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 - 9.5 percent, average, including inflation
Investment Rate of Return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. 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, 2023, valuation were based the results of an actuarial experience for the period ending December 31, 2022.

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	Real Return Arithmetic Basis	Long-term Expected Portfolio Real
Equity securities	35.00%	6.87%	2.40%
Debt securities	20.00%	1.54%	0.31%
Real Assets	18.00%	5.43%	0.98%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	3.86%	0.58%
Cash and cash equivalents	0.00%	0.24%	0.00%
Totals	100.00%		5.45%
Inflation			2.50%
Expected arithmetic nominal return			7.95%

The 6.85 percent assumed investment rate of return is comprised of an inflation rate of 2.50 percent and a real return of 4.35 percent that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 6.85 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.

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 6.85 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 3,993,370	\$ 769,444	\$ (1,930,377)
Tier 2 Public Employees System	917,211	266,953	(237,323)
Total	<u>\$ 4,910,581</u>	<u>\$ 1,036,397</u>	<u>\$ (2,167,700)</u>

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, 2024

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:

	2024	2023	2022
401(k) Plan			
Employer Contributions	\$ 79,672	\$ 81,278	\$ 90,976
Employee Contributions	121,093	93,838	67,525
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 33,116	\$ 25,251	\$ 23,105
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 2,130	\$ 250	\$ -

### Change to or within the Financial Reporting Entity

During the year end June 30, 2024, the City ceased reporting its Municipal Building Authority Special Revenue Fund and its Debt Service Fund as major funds. This change resulted in adjustment to the beginning balance of the City’s Nonmajor Governmental Funds of \$2,467,790. The beginning fund balance of Nonmajor Governmental Funds was \$0 before this adjustment.

### Subsequent Events

There are no subsequent events from June 30, 2024 through the date of the audit report.

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# REQUIRED SUPPLEMENTARY INFORMATION



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

	Year Ended 12/31	Noncontributory Retirement System	Tier 2 Public Employees Retirement System
Proportion of the net pension liability (asset)	2023	0.3317189%	0.1371533%
	2022	0.3484096%	0.1332020%
	2021	0.3537296%	0.1241807%
	2020	0.3493276%	0.1320274%
	2019	0.3447311%	0.1212015%
	2018	0.3657182%	0.1350688%
	2017	0.3590503%	0.1249071%
	2016	0.3573643%	0.1127146%
	2015	0.3707456%	0.1077038%
	2014	0.3673148%	0.1159186%
Proportionate share of the net pension liability (asset)	2023	\$ 769,443	\$ 266,953
	2022	596,738	145,043
	2021	(2,025,847)	(52,558)
	2020	179,185	18,989
	2019	1,299,246	27,259
	2018	2,693,048	57,847
	2017	1,573,107	11,013
	2016	2,294,716	12,573
	2015	2,097,880	(258)
	2014	1,594,967	(3,514)
Covered payroll	2023	\$ 2,430,432	\$ 3,545,879
	2022	2,543,140	2,898,981
	2021	2,496,511	2,304,959
	2020	2,470,587	2,110,596
	2019	2,554,355	1,684,674
	2018	2,758,223	1,578,224
	2017	2,824,864	1,222,311
	2016	2,977,824	924,344
	2015	3,082,556	695,834
	2014	3,126,027	568,393
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	2023	31.66%	7.53%
	2022	23.46%	5.00%
	2021	-81.15%	-2.28%
	2020	7.25%	0.90%
	2019	50.86%	1.62%
	2018	97.64%	3.67%
	2017	55.69%	0.90%
	2016	77.06%	1.36%
	2015	68.06%	-0.03%
	2014	51.00%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability (asset)	2023	96.90%	89.58%
	2022	97.50%	92.30%
	2021	108.7%	103.8%
	2020	99.2%	98.3%
	2019	93.7%	96.5%
	2018	87.0%	90.8%
	2017	91.9%	97.4%
	2016	87.3%	95.1%
	2015	87.8%	100.2%
	2014	90.2%	103.5%

# 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	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%
	2022	464,306	464,306	-	2,513,842	18.47%
	2023	454,046	454,046	-	2,526,691	17.97%
	2024	449,345	449,345	-	2,500,530	17.97%
Tier 2 Public Employees System*	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%
	2022	391,397	391,397	-	2,435,576	16.07%
	2023	545,420	545,420	-	3,406,746	16.01%
	2024	584,945	584,945	-	3,653,623	16.01%
Tier 2 Public Employees DC Only System*	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%
	2022	44,828	44,828	-	508,273	8.82%
	2023	37,777	37,777	-	532,412	7.10%
	2024	36,796	36,796	-	594,440	6.19%

\*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.

**Midvale City**  
**Notes to the Required Supplementary Information**  
**June 30, 2024**

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**1. CHANGES IN ASSUMPTIONS**

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

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**Midvale City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget
<b><u>REVENUES</u></b>				
Taxes	\$ 16,770,351	\$ 17,254,074	\$ 17,989,546	\$ 735,472
Licenses and permits	830,000	830,000	696,558	(133,442)
Intergovernmental	4,161,802	4,293,430	4,559,142	265,712
Charges for services	338,520	338,520	223,019	(115,501)
Fines and forfeitures	847,000	847,000	925,760	78,760
Interest income	160,000	160,000	350,218	190,218
Miscellaneous	12,978	12,978	26,305	13,327
Total revenues	23,120,651	23,736,002	24,770,548	1,034,546
<b><u>EXPENDITURES</u></b>				
General government:				
City council	247,051	247,051	234,248	12,803
Court	1,078,217	1,078,217	1,048,500	29,717
General administration	1,068,750	1,145,250	999,541	145,709
Information technology	542,485	542,485	469,136	73,349
Finance	356,095	259,595	227,483	32,112
Recorder	265,953	290,253	278,163	12,090
City attorney	642,951	749,351	644,565	104,786
Non-departmental	114,361	118,861	111,760	7,101
Community and intergovernmental services	315,695	350,695	315,024	35,671
Employee services	34,823	54,323	23,115	31,208
Public safety:				
Police	12,329,162	12,349,162	12,348,134	1,028
Highways and public improvements	1,537,264	1,638,304	1,539,315	98,989
Parks, recreation and public property	1,360,524	1,363,024	1,206,764	156,260
Community development	1,413,226	1,485,466	1,164,865	320,601
Total expenditures	21,306,557	21,672,037	20,610,613	1,061,424
Excess (deficiency) of revenues over (under) expenditures	1,814,094	2,063,965	4,159,935	2,095,970
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	(1,830,337)	(4,148,836)	(4,127,145)	21,691
Total other financing sources (uses)	(1,830,337)	(4,148,836)	(4,127,145)	21,691
Net change in fund balance	\$ (16,243)	\$ (2,084,871)	32,790	\$ 2,117,661
Fund balance, beginning of year			8,628,593	
Fund balance, end of year			\$ 8,661,383	

**Midvale City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual**  
**Redevelopment Agency Special Revenue Fund**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b><u>REVENUES</u></b>				
Taxes	\$ 869,973	\$ 869,973	\$ 880,701	\$ 10,728
Intergovernmental	10,579,718	10,579,718	9,598,529	(981,189)
Charges for services	92,023	92,023	43,434	(48,589)
Interest income	172,000	172,000	987,095	815,095
Total revenues	11,713,714	11,713,714	11,509,759	(203,955)
<b><u>EXPENDITURES</u></b>				
Highways and public improvements	2,920,000	2,920,000	1,298,528	1,621,472
Redevelopment	6,313,193	6,313,193	3,779,281	2,533,912
RDA administration	845,337	845,337	827,760	17,577
Debt service:				
Principal	2,207,000	2,207,000	2,207,000	-
Interest	1,275,772	1,275,772	1,275,772	-
Total expenditures	13,561,302	13,561,302	9,388,341	4,172,961
Excess (deficiency) of revenues over (under) expenditures	(1,847,588)	(1,847,588)	2,121,418	3,969,006
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Proceeds from sale of assets	288,000	288,000	275,060	(12,940)
Transfers in	-	-	318,499	318,499
Transfers out	(449,132)	(449,132)	(449,131)	1
Total other financing sources (uses)	(161,132)	(161,132)	144,428	305,560
Net change in fund balance	\$ (2,008,720)	\$ (2,008,720)	2,265,846	\$ 4,274,566
Fund balance, beginning of year			16,097,813	
Fund balance, end of year			\$ 18,363,659	

# SUPPLEMENTARY INFORMATION



## **Nonmajor Governmental Funds**

**Midvale City**  
**Combining Balance Sheet—Nonmajor Governmental Funds**  
**June 30, 2024**

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		<u>Special Revenue</u>	
	<u>Debt Service</u>	<u>Municipal Building Authority</u>	<u>Total Other Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash, cash equivalents, and investments:			
Unrestricted	\$ 10,724	\$ 82,344	\$ 93,068
Restricted	2,677	625,146	627,823
Receivables, net:			
Accounts and other	-	5,859	5,859
Notes	1,562,196	-	1,562,196
<b>Total assets</b>	<u>1,575,597</u>	<u>713,349</u>	<u>2,288,946</u>
<b><u>FUND BALANCES</u></b>			
Restricted for:			
Debt service	<u>1,564,873</u>	<u>625,146</u>	<u>2,190,019</u>
Total restricted	<u>1,564,873</u>	<u>625,146</u>	<u>2,190,019</u>
Assigned to:			
Debt service	<u>10,724</u>	<u>88,203</u>	<u>98,927</u>
Total assigned	<u>10,724</u>	<u>88,203</u>	<u>98,927</u>
<b>Total fund balances</b>	<u>\$ 1,575,597</u>	<u>\$ 713,349</u>	<u>\$ 2,288,946</u>

**Midvale City**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**June 30, 2024**

		<u>Special Revenue</u>	
	<u>Debt Service</u>	<u>Municipal Building Authority</u>	<u>Total Other Governmental Funds</u>
<b><u>REVENUES</u></b>			
Interest income	\$ 40,300	\$ 40,946	\$ 81,246
Lease revenue	-	658,032	658,032
Total revenues	<u>40,300</u>	<u>698,978</u>	<u>739,278</u>
<b><u>EXPENDITURES</u></b>			
Current:			
General government	<u>352,724</u>	<u>-</u>	<u>352,724</u>
Total current expenditures	<u>352,724</u>	<u>-</u>	<u>352,724</u>
Debt service:			
Principal	1,060,951	520,000	1,580,951
Interest	<u>412,112</u>	<u>156,191</u>	<u>568,303</u>
Total debt service	<u>1,473,063</u>	<u>676,191</u>	<u>2,149,254</u>
Total expenditures	<u>1,825,787</u>	<u>676,191</u>	<u>2,501,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,785,487)</u>	<u>22,787</u>	<u>(1,762,700)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	<u>1,583,856</u>	<u>-</u>	<u>1,583,856</u>
Total other financing sources (uses)	<u>1,583,856</u>	<u>-</u>	<u>1,583,856</u>
Net change in fund balances	(201,631)	22,787	(178,844)
Fund balance, beginning of year	<u>1,777,228</u>	<u>690,562</u>	<u>2,467,790</u>
Fund balance, end of year	<u>\$ 1,575,597</u>	<u>\$ 713,349</u>	<u>\$ 2,288,946</u>

**Midvale City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Interest income	\$ 245,331	\$ 245,331	\$ 40,300	\$ (205,031)
Total revenues	245,331	245,331	40,300	(205,031)
<b><u>EXPENDITURES</u></b>				
General government	352,724	352,724	352,724	-
Debt service:				
Principal	1,060,149	1,060,149	1,060,951	(802)
Interest	416,314	416,314	412,112	4,202
Total expenditures	1,829,187	1,829,187	1,825,787	3,400
Excess (deficiency) of revenues over (under) expenditures	(1,583,856)	(1,583,856)	(1,785,487)	(201,631)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	1,583,856	1,583,856	1,583,856	-
Total other financing sources (uses)	1,583,856	1,583,856	1,583,856	-
Net change in fund balance	\$ -	\$ -	(201,631)	\$ (201,631)
Fund balance, beginning of year			1,777,228	
Fund balance, end of year			\$ 1,575,597	

Midvale City
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual
Municipal Building Authority Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget
<b>REVENUES</b>				
Interest income	\$ 18,000	\$ 18,000	\$ 40,946	\$ 22,946
Lease revenue	658,032	658,032	658,032	-
Total revenues	676,032	676,032	698,978	22,946
<b>EXPENDITURES</b>				
Debt service:				
Principal	520,000	520,000	520,000	-
Interest	156,032	156,032	156,191	(159)
Total expenditures	676,032	676,032	676,191	(159)
Net change in fund balance	\$ -	\$ -	22,787	\$ 22,787
Fund balance, beginning of year			690,562	
Fund balance, end of year			\$ 713,349	



**Midvale City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual**  
**Capital Projects Fund (Major Fund)**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b><u>REVENUES</u></b>				
Taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,040,375	\$ 40,375
Intergovernmental	1,510,000	1,615,000	605,000	(1,010,000)
Interest income	-	-	331,559	331,559
Total revenues	2,510,000	2,615,000	1,976,934	(638,066)
<b><u>EXPENDITURES</u></b>				
Capital outlay	3,315,515	5,258,715	2,021,302	3,237,413
Total expenditures	3,315,515	5,258,715	2,021,302	3,237,413
Excess (deficiency) of revenues over (under) expenditures	(805,515)	(2,643,715)	(44,368)	2,599,347
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	1,978,309	1,978,309
Total other financing sources (uses)	-	-	1,978,309	1,978,309
Net change in fund balance	\$ (805,515)	\$ (2,643,715)	1,933,941	\$ 4,577,656
Fund balance, beginning of year			6,517,945	
Fund balance, end of year			\$ 8,451,886	

**Nonmajor Proprietary Funds**

**Midvale City**  
**Combining Statement of Net Position—Nonmajor Proprietary Funds**  
**June 30, 2024**

	<u>Street Lighting</u>	<u>Sanitation</u>	<u>Telecom</u>	<u>Total Other Enterprise</u>
<b><u>ASSETS</u></b>				
Current assets:				
Cash, cash equivalents, and investments	\$ 221,792	\$ 308,877	\$ 50,270	\$ 580,939
Receivables:				
Accounts, net	44,388	163,019	2,318	209,725
Contracts	-	-	11,100	11,100
Prepaid assets	175	203	-	378
Total current assets	266,355	472,099	63,688	802,142
Noncurrent assets:				
Contracts receivable	-	-	70,850	70,850
Investment in joint venture:				
Trans-Jordan Cities Landfill	-	2,305,252	-	2,305,252
Total noncurrent assets	-	2,305,252	70,850	2,376,102
Total assets	266,355	2,777,351	134,538	3,178,244
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Pensions	2,713	7,864	-	10,577
Total deferred outflows of resources	2,713	7,864	-	10,577
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Accounts payable	16,812	103,973	-	120,785
Accrued liabilities	514	702	-	1,216
Compensated absences	1,258	1,342	-	2,600
Notes payable	-	-	10,545	10,545
Total current liabilities	18,584	106,017	10,545	135,146
Noncurrent liabilities:				
Notes payable	-	-	67,306	67,306
Net pension liability	1,555	2,073	-	3,628
Total noncurrent liabilities	1,555	2,073	67,306	70,934
Total liabilities	20,139	108,090	77,851	206,080
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Pensions	19	24	-	43
Total deferred inflows of resources	19	24	-	43
<b><u>NET POSITION</u></b>				
Unrestricted	248,910	2,677,101	56,687	2,982,698
Total net position	\$ 248,910	\$ 2,677,101	\$ 56,687	\$ 2,982,698

**Midvale City**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Proprietary Funds**  
**For the Year Ended June 30, 2024**

	<b>Street Lighting</b>	<b>Sanitation</b>	<b>Telecom</b>	<b>Total Other Enterprise</b>
<b><u>OPERATING REVENUES</u></b>				
Charges for services	\$ 409,139	\$ 1,503,017	\$ 10,989	\$ 1,923,145
Total operating revenues	409,139	1,503,017	10,989	1,923,145
<b><u>OPERATING EXPENSES</u></b>				
Salaries and wages	10,490	14,088	-	24,578
Employee benefits	4,347	5,608	-	9,955
Administration	262,500	129,209	-	391,709
Waste disposal	-	1,279,410	-	1,279,410
Street lighting	122,436	-	-	122,436
Telecommunication	-	-	980,195	980,195
Total operating expenses	399,773	1,428,315	980,195	2,808,283
Operating income (loss)	9,366	74,702	(969,206)	(885,138)
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>				
Interest income	8,357	7,324	9,305	24,986
Gain on equity investment	-	279,779	-	279,779
Total nonoperating revenues (expenses)	8,357	287,103	9,305	304,765
Net income before transfers	17,723	361,805	(959,901)	(580,373)
Transfers in	-	-	695,612	695,612
Change in net position	17,723	361,805	(264,289)	115,239
Net position, beginning of year	231,187	2,315,296	320,976	2,867,459
Net position, end of year	<u>\$ 248,910</u>	<u>\$ 2,677,101</u>	<u>\$ 56,687</u>	<u>\$ 2,982,698</u>

## Midvale City

### Combining Statement of Cash Flows - Nonmajor Proprietary Funds

For the Year Ended June 30, 2024

	Street Lighting	Sanitation	Telecom	Total Other Enterprise Funds
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 403,491	\$ 1,482,103	\$ 298,444	\$ 2,184,038
Receipts from interfund services	3,463	-	-	3,463
Payments to suppliers	(149,799)	(1,296,512)	(1,001,600)	(2,447,911)
Payments for interfund services	(244,196)	(103,959)	-	(348,155)
Payments to employees	(15,382)	(20,164)	-	(35,546)
<b>Net cash provided (used) by operating activities</b>	<b>(2,423)</b>	<b>61,468</b>	<b>(703,156)</b>	<b>(644,111)</b>
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	-	-	695,612	695,612
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>695,612</b>	<b>695,612</b>
<b>Cash flows from investing activities</b>				
Interest received	8,357	7,324	9,305	24,986
<b>Net cash provided by investing activities</b>	<b>8,357</b>	<b>7,324</b>	<b>9,305</b>	<b>24,986</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,934</b>	<b>68,792</b>	<b>1,761</b>	<b>76,487</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>215,858</b>	<b>240,085</b>	<b>48,509</b>	<b>504,452</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 221,792</b>	<b>\$ 308,877</b>	<b>\$ 50,270</b>	<b>\$ 580,939</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 9,366	\$ 74,702	\$ (969,206)	\$ (885,138)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Pension expense adjustment	(428)	(522)	-	(950)
Changes in operating assets and liabilities:				
(Increase) decrease in receivables	(2,185)	(20,914)	(162)	(23,261)
(Increase) decrease in contracts receivable	-	-	21,430	21,430
(Increase) decrease in notes receivable	-	-	266,187	266,187
(Increase) decrease in prepaid assets	(158)	(186)	-	(344)
Increase (decrease) in accounts payable	(8,901)	8,334	(1,045)	(1,612)
Increase (decrease) in accrued liabilities	(78)	(65)	-	(143)
Increase (decrease) in compensated absences	(39)	119	-	80
Increase (decrease) in notes payable	-	-	(20,360)	(20,360)
<b>Net cash provided (used) by operating activities</b>	<b>\$ (2,423)</b>	<b>\$ 61,468</b>	<b>\$ (703,156)</b>	<b>\$ (644,111)</b>

## **Internal Service Funds**

**Midvale City**  
**Combining Statement of Net Position—Internal Service Funds**  
**June 30, 2024**

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	<u>Fleet</u>	<u>Information Technology</u>	<u>Total Internal Service Funds</u>
<b><u>ASSETS</u></b>			
Current assets:			
Cash, cash equivalents, and investments	\$ 3,145,288	\$ 575,178	\$ 3,720,466
Prepaid assets	1,416	274	1,690
Total current assets	3,146,704	575,452	3,722,156
Noncurrent assets:			
Capital assets:			
Automobiles, net	1,864,612	-	1,864,612
Machinery and equipment, net	438,866	167,459	606,325
Total noncurrent assets	2,303,478	167,459	2,470,937
Total assets	5,450,182	742,911	6,193,093
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pensions	29,384	-	29,384
Total deferred outflows of resources	29,384	-	29,384
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	6,306	9,006	15,312
Accrued liabilities	7,608	1,355	8,963
Compensated absences	20,723	3,772	24,495
Total current liabilities	34,637	14,133	48,770
Noncurrent liabilities:			
Compensated absences	4,495	206	4,701
Net pension liability	20,106	-	20,106
Total noncurrent liabilities	24,601	206	24,807
Total liabilities	59,238	14,339	73,577
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pensions	155	-	155
Total deferred inflows of resources	155	-	155
<b><u>NET POSITION</u></b>			
Net investment in capital assets	2,303,478	167,459	2,470,937
Unrestricted	3,116,695	561,113	3,677,808
Total net position	\$ 5,420,173	\$ 728,572	\$ 6,148,745

**Midvale City**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2024**

	<u>Fleet</u>	<u>Information Technology</u>	<u>Total Internal Service Funds</u>
<b><u>OPERATING REVENUES</u></b>			
Charges for services	\$ 1,407,956	\$ 154,487	\$ 1,562,443
Other	2,462	-	2,462
Total operating revenues	<u>1,410,418</u>	<u>154,487</u>	<u>1,564,905</u>
<b><u>OPERATING EXPENSES</u></b>			
Salaries and wages	143,822	26,119	169,941
Employee benefits	59,299	10,689	69,988
Administration	253,258	128	253,386
Supplies and equipment	4,278	144,407	148,685
Repairs and maintenance	131,652	-	131,652
Depreciation expense	<u>453,732</u>	<u>30,650</u>	<u>484,382</u>
Total operating expenses	<u>1,046,041</u>	<u>211,993</u>	<u>1,258,034</u>
Operating income (loss)	<u>364,377</u>	<u>(57,506)</u>	<u>306,871</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>			
Interest income	173,582	32,460	206,042
Gain on disposals of equipment	<u>169,149</u>	<u>3,807</u>	<u>172,956</u>
Total nonoperating revenues (expenses)	<u>342,731</u>	<u>36,267</u>	<u>378,998</u>
Change in net position	707,108	(21,239)	685,869
Net position, beginning of year	<u>4,713,065</u>	<u>749,811</u>	<u>5,462,876</u>
Net position, end of year	<u>\$ 5,420,173</u>	<u>\$ 728,572</u>	<u>\$ 6,148,745</u>



**Midvale City**  
**Combining Statement of Cash Flows – Internal Service Funds**  
**For the Year Ended June 30, 2024**

	<b>Fleet</b>	<b>Information Technology</b>	<b>Total Internal Service Funds</b>
<b>Cash flows from operating activities</b>			
Receipts from interfund services	\$ 1,410,418	\$ 154,487	\$ 1,564,905
Payments to suppliers	(294,096)	(155,107)	(449,203)
Payments for interfund services	(103,019)	-	(103,019)
Payments to employees	(194,849)	(36,327)	(231,176)
<b>Net cash provided (used) by operating activities</b>	<b>818,454</b>	<b>(36,947)</b>	<b>781,507</b>
<b>Cash flows from capital and related financing activities</b>			
Purchase of capital assets	(1,006,373)	-	(1,006,373)
Proceeds from sale of capital assets	172,207	3,806	176,013
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(834,166)</b>	<b>3,806</b>	<b>(830,360)</b>
<b>Cash flows from investing activities</b>			
Interest received	173,582	32,460	206,042
<b>Net cash provided by investing activities</b>	<b>173,582</b>	<b>32,460</b>	<b>206,042</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>157,870</b>	<b>(681)</b>	<b>157,189</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,987,418</b>	<b>575,859</b>	<b>3,563,277</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,145,288</b>	<b>\$ 575,178</b>	<b>\$ 3,720,466</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 364,377	\$ (57,505)	\$ 306,871
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation	453,732	30,650	484,382
Pension expense adjustment	(1,170)	-	(1,170)
Changes in operating assets and liabilities:			
(Increase) decrease in prepaid assets	(1,274)	(259)	(1,533)
Increase (decrease) in accounts payable	(6,653)	(10,313)	(16,966)
Increase (decrease) in accrued liabilities	2,057	1,175	3,232
Increase (decrease) in compensated absences	7,385	(694)	6,691
<b>Net cash provided (used) by operating activities</b>	<b>\$ 818,454</b>	<b>\$ (36,947)</b>	<b>\$ 781,507</b>

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# STATISTICAL SECTION



## **STATISTICAL SECTION**

### **(UNAUDITED)**

This part of Midvale City Corporations' Annual Comprehensive Financial Report presents detailed information as a context for better understanding the information in the financial statements, note disclosures, and required supplementary information.

The statistical section consists of five main categories:

#### **Financial Trends (Pages 104-108)**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

#### **Revenue Capacity (Pages 109-117)**

These schedules contain information to help the reader assess the City's most significant local revenue sources.

#### **Debt Capacity (Pages 118-122)**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### **Demographic and Economic Information (Pages 123-124)**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

#### **Operating Information (Pages 125-127)**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**MIDVALE CITY CORPORATION**  
**Net Position by Component**  
**(Accrual Basis of Accounting)**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$ 80,565,863	\$ 84,160,627	\$ 76,771,618	\$ 82,296,971	\$ 77,499,367	\$ 60,168,243	\$ 61,799,330	\$ 63,161,804	\$ 65,982,979	\$ 68,549,681
Restricted	883,082	1,521,186	9,125,162	6,034,643	2,562,715	7,266,811	12,982,895	17,806,804	19,077,481	20,859,872
Unrestricted	(15,512,597)	(15,706,221)	(13,978,646)	(10,180,513)	(7,253,505)	7,507,968	6,966,687	3,990,475	10,760,283	13,532,360
Total governmental activities net position	65,936,348	69,975,592	71,918,134	78,151,101	72,808,577	74,943,022	81,748,912	84,959,083	95,820,743	102,941,913
Business-type activities:										
Net investment in capital assets	20,418,787	21,102,883	21,964,255	23,058,240	23,156,632	24,192,075	23,996,754	24,906,854	24,215,298	27,171,629
Restricted	-	-	-	-	-	-	-	-	1,295,464	1,435,019
Unrestricted	8,657,672	8,448,241	8,347,659	8,487,705	9,607,592	9,315,925	10,860,251	13,011,055	12,526,285	11,212,959
Total business-type activities net position	29,076,459	29,551,124	30,311,914	31,545,945	32,764,224	33,508,000	34,857,005	37,917,909	38,037,048	39,819,607
Primary government:										
Net investment in capital assets	100,984,650	105,263,510	98,735,873	105,355,211	100,655,999	84,360,318	85,796,084	88,068,658	90,198,277	95,721,310
Restricted	883,082	1,521,186	9,125,162	6,034,643	2,562,715	7,266,811	12,982,895	17,806,804	20,372,945	22,294,891
Unrestricted	(6,854,925)	(7,257,980)	(5,630,987)	(1,692,808)	2,354,087	16,823,893	17,826,938	17,001,530	23,286,568	24,745,319
Total primary government net position	\$ 95,012,807	\$ 99,526,716	\$ 102,230,048	\$ 109,697,046	\$ 105,572,801	\$ 108,451,022	\$ 116,605,917	\$ 122,876,992	\$ 133,857,790	\$ 142,761,520

**MIDVALE CITY CORPORATION**  
**Changes in Net Position**  
**(Accrual Basis of Accounting)**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses</b>										
Governmental activities:										
General government	\$ 5,666,704	\$ 5,539,259	\$ 5,786,432	\$ 6,671,596	\$ 13,602,223	\$ 10,545,403	\$ 8,723,238	\$ 11,825,697	\$ 6,018,102	\$ 5,586,388
Public safety (1)	6,383,475	6,610,764	7,013,851	7,290,047	8,519,079	9,002,087	9,401,425	10,285,577	11,795,690	12,419,796
Highways and public improvements	2,500,529	1,890,231	2,297,368	2,485,064	3,196,231	2,598,581	2,981,820	2,415,708	3,824,707	5,611,441
Parks, recreation and public property	813,033	931,303	992,330	1,384,148	1,421,361	1,579,727	1,634,530	1,594,145	1,493,263	1,727,818
Redevelopment	618,747	1,649,138	3,671,182	3,296,665	8,742,123	3,336,865	2,378,196	2,840,234	2,180,096	4,597,095
Interest on long-term debt	1,738,207	2,137,089	2,008,336	2,704,350	2,930,481	2,716,943	1,745,297	1,666,770	1,527,618	1,588,700
Total government activities expense	17,720,695	18,757,784	21,769,499	23,831,870	38,411,498	29,779,606	26,864,506	30,628,131	26,839,475	31,531,238
Business-type activities:										
Water (2) (5)	3,993,392	3,960,091	4,354,475	4,361,331	4,072,868	5,262,930	5,193,597	5,472,697	5,710,183	6,319,506
Sewer (5)	1,615,068	1,910,718	1,927,068	1,883,291	2,265,343	2,397,629	2,523,972	2,735,782	3,147,616	3,412,784
Storm water	1,181,903	1,315,614	1,429,125	1,514,929	1,692,430	1,770,290	1,761,979	1,806,723	1,864,144	2,075,930
Sanitation	918,913	932,441	969,261	1,031,396	1,155,070	1,187,193	1,173,185	1,209,024	1,312,855	1,428,315
Telecommunications (3)	825,907	901,913	864,343	889,011	898,565	917,325	935,730	948,418	965,249	980,195
Ambulance (1)	-	-	-	-	-	-	-	-	-	-
Street lighting (4)	426,829	624,863	341,979	381,608	392,701	364,789	398,298	321,170	366,150	399,773
Equity investment income	(12,840)	-	-	-	-	-	-	-	-	-
Total business-type activities	8,949,172	9,645,640	9,886,251	10,061,566	10,476,977	11,900,156	11,986,761	12,493,814	13,366,197	14,616,503
Total primary government expenses	26,669,867	28,403,424	31,655,750	33,893,436	48,888,475	41,679,762	38,851,267	43,121,945	40,205,672	46,147,741
<b>Program revenues</b>										
Governmental activities:										
Charges for services										
General government	2,722,837	2,743,920	2,247,640	2,236,403	2,698,055	2,967,511	3,180,865	3,066,996	1,336,045	918,761
Public safety	1,633,011	1,030,311	748,505	922,257	958,288	843,406	701,178	844,694	844,493	988,609
Highways and public improvements	-	-	-	-	-	-	-	-	-	-
Parks, recreation and public property	67,300	61,950	42,450	24,600	27,150	22,040	20,340	34,790	26,850	30,705
Operating grants and contributions	4,281,630	5,965,959	5,840,869	6,200,034	6,527,830	7,773,608	9,275,664	7,136,801	7,101,721	10,080,824
Capital grants and contributions	837,135	1,848,430	1,158,697	1,793,150	7,567,205	4,184,622	2,688,476	3,300,243	3,889,127	4,955,275
Total governmental activities program revenues	9,541,913	11,650,570	10,038,161	11,176,444	17,778,528	15,791,187	15,866,523	14,383,524	13,198,236	16,974,174
Business-type activities:										
Charges for services										
Water (2) (5)	4,267,495	4,284,361	4,550,934	4,738,786	4,667,077	5,208,509	5,700,724	7,588,642	6,034,039	6,775,219
Sewer (5)	1,503,752	1,737,379	1,961,362	2,228,967	2,449,758	2,635,025	2,810,880	3,071,693	3,373,084	3,727,364
Storm water	1,632,166	1,648,039	1,812,768	1,824,476	1,828,209	2,077,019	2,134,157	2,162,486	2,183,691	2,192,849
Sanitation	1,010,970	924,037	954,956	956,399	1,050,989	1,151,382	1,283,140	1,309,536	1,354,000	1,503,017
Telecommunications (3)	33,421	17,230	21,390	27,264	20,256	20,786	21,259	16,607	555,971	10,989
Ambulance (1)	-	-	-	-	-	-	-	-	-	-
Street lighting (4)	248,654	372,896	381,529	381,507	384,828	390,487	402,078	407,830	408,126	409,139
Operating grants and contributions	117,632	117,886	115,885	111,221	106,321	100,847	49,170	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	8,814,090	9,101,828	9,798,824	10,268,620	10,507,438	11,584,055	12,401,408	14,556,794	13,908,911	14,618,577
Total primary government program revenues	\$ 18,356,003	\$ 20,752,398	\$ 19,836,985	\$ 21,445,064	\$ 28,285,966	\$ 27,375,242	\$ 28,267,931	\$ 28,940,318	\$ 27,107,147	\$ 31,592,751

**MIDVALE CITY CORPORATION**  
**Changes in Net Position (Continued)**  
**(Accrual Basis of Accounting)**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (8,178,782)	\$ (7,107,214)	\$ (11,731,338)	\$ (12,655,426)	\$ (20,632,970)	\$ (13,988,419)	\$ (10,997,983)	\$ (16,244,607)	\$ (13,641,239)	\$ (14,557,064)
Business-type activities	(135,082)	(543,812)	(87,427)	207,054	30,461	(316,101)	414,647	2,062,980	542,714	2,074
Total primary government net (expense)/revenue	(8,313,864)	(7,651,026)	(11,818,765)	(12,448,372)	(20,602,509)	(14,304,520)	(10,583,336)	(14,181,627)	(13,098,525)	(14,554,990)
<b>General revenues</b>										
<b>and other changes in net position</b>										
Governmental activities:										
Taxes										
Property taxes	1,081,837	1,145,102	1,178,525	3,202,775	3,183,212	3,129,874	3,449,391	4,110,411	4,645,942	3,768,493
Sales taxes	5,930,672	6,221,500	6,463,225	7,128,932	7,382,052	7,695,281	8,967,771	10,434,898	12,037,076	12,519,490
Telecomm and franchise taxes	2,832,277	2,764,227	2,883,419	3,196,182	3,081,826	2,938,060	2,757,554	2,723,703	2,799,999	3,349,211
Interest income	85,590	46,144	131,625	153,422	416,810	731,832	825,390	178,236	422	1,957,023
Gain on sale and disposal of assets	-	2,598	391,405	134,298	524,778	918,270	239,893	253,291	72,399	448,016
Miscellaneous	124,783	370,476	1,018,859	683,171	607,715	727,129	697,865	808,920	719,309	331,613
Developer contributions	-	-	-	-	4,542,000	-	-	-	-	-
Special item - tfr of public safety to other govt	-	-	-	-	-	-	-	-	-	-
Transfers - net	(741,300)	(917,100)	(920,600)	(824,900)	(850,000)	(850,000)	(815,000)	(705,586)	(820,369)	(695,612)
Total governmental activities	9,313,859	9,632,947	11,146,458	13,673,880	18,888,393	15,290,446	16,122,864	17,803,873	19,454,778	21,678,234
Business-type activities:										
Interest income	40,015	47,647	40,667	43,866	77,838	215,118	127,932	67,539	(4,231)	805,094
Equity investment (loss)	-	-	57,210	(20,549)	99,139	122,700	116,945	161,233	181,786	279,779
Capital contributions from other government	-	-	-	-	-	-	-	-	-	-
Transfers - net	741,300	917,100	920,600	824,900	850,000	850,000	815,000	705,586	820,369	695,612
Total business-type activities	781,315	964,747	1,018,477	848,217	1,026,977	1,187,818	1,059,877	934,358	997,924	1,780,485
Total primary government	10,095,174	10,597,694	12,164,935	14,522,097	19,915,370	16,478,264	17,182,741	18,738,231	20,452,702	23,458,719
<b>Changes in Net Position</b>										
Governmental activities	1,135,077	2,525,733	(584,880)	1,018,454	(1,744,577)	1,302,027	5,124,881	1,559,266	5,813,539	7,121,170
Business-type activities	646,233	420,935	931,050	1,055,271	1,057,438	871,717	1,474,524	2,997,338	1,540,638	1,782,559
Total primary government	\$ 1,781,310	\$ 2,946,668	\$ 346,170	\$ 2,073,725	\$ (687,139)	\$ 2,173,744	\$ 6,599,405	\$ 4,556,604	\$ 7,354,177	\$ 8,903,729

**Notes:**

- (1) Beginning in FY 2012, Midvale was annexed by the Salt Lake Valley Fire Service Area, a separate taxing entity. Fire and ambulance service are now provided by Unified Fire Authority.
- (2) The Telecommunications Fund was established in FY 2012 to improve fiber optic capabilities for businesses and residents.
- (3) The Street Lighting Fund was established in FY 2013 to provide street lights city-wide, and to switch all lighting to more efficient LED.
- (4) Water and Sewer were reported as one fund prior to 2015. In 2015, they were split into two separate funds.

**MIDVALE CITY CORPORATION**  
**Fund Balances of Governmental Funds**  
**(Accrual Basis of Accounting)**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,253
Restricted for B&C Road Funds	-	-	-	-	-	-	-	293,871	323,328	-
Restricted for Development	-	-	-	-	-	-	-	-	264,991	306,194
Assigned for sub. year approp.	-	-	-	-	-	326,577	-	-	-	-
Unassigned	2,752,356	2,407,701	3,784,485	3,858,326	3,797,448	4,096,174	7,319,448	7,869,041	8,040,274	8,269,936
Total General Fund	\$ 2,752,356	\$ 2,407,701	\$ 3,784,485	\$ 3,858,326	\$ 3,797,448	\$ 4,422,751	\$ 7,319,448	\$ 8,162,912	\$ 8,628,593	\$ 8,661,383
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 150,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for capital projects	-	-	8,267,104	6,264,782	2,775,343	-	-	-	-	-
Restricted for redevelopment	387	5,348,949	140,597	23,442	-	5,050,212	9,247,340	1,212,912	1,264,140	1,295,983
Restricted for debt service	882,695	1,824,555	1,832,709	21,656,049	22,341,727	1,842,613	1,818,995	607,286	2,394,831	2,190,019
Assigned for special revenue funds	2,109,836	2,705,141	2,160,877	2,638,920	4,366,777	48,361	56,312	11,622,862	14,906,632	17,067,676
Assigned for capital projects	2,020,096	1,710,787	1,579,634	2,753,808	3,620,104	214,099	1,860,248	4,363,744	6,517,945	8,451,886
Assigned for sub. year approp.	-	-	-	-	-	3,698,153	-	-	-	-
Assigned for debt service	-	-	-	-	-	-	-	-	-	98,927
Total Other Governmental Funds	\$ 5,163,144	\$ 11,589,432	\$ 13,980,921	\$ 33,337,001	\$ 33,103,951	\$ 10,853,438	\$ 12,982,895	\$ 17,806,804	\$ 25,083,548	\$ 29,104,491
<b>Total Governmental Funds</b>										
Nonspendable	\$ 150,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,253
Restricted	883,082	7,173,504	10,240,410	27,944,273	25,117,070	6,892,825	11,066,335	2,114,069	4,247,290	3,792,196
Assigned	4,129,932	4,415,928	3,740,511	5,392,728	7,986,881	3,960,613	1,916,560	15,986,606	21,424,577	25,618,489
Unassigned	2,752,356	2,407,701	3,784,485	3,858,326	3,797,448	4,096,174	7,319,448	7,869,041	8,040,274	8,269,936
Total Governmental Funds	\$ 7,915,500	\$ 13,997,133	\$ 17,765,406	\$ 37,195,327	\$ 36,901,399	\$ 14,949,612	\$ 20,302,343	\$ 25,969,716	\$ 33,712,141	\$ 37,765,874



**MIDVALE CITY CORPORATION**  
**Changes in Fund Balances of Governmental Funds**  
**(Accrual Basis of Accounting)**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues:</b>										
Taxes (1)	\$ 10,130,829	\$ 10,525,169	\$ 13,527,890	\$ 13,647,089	\$ 13,763,215	\$ 15,174,717	\$ 17,269,013	\$ 19,483,018	\$ 19,787,577	\$ 19,910,622
Licenses and permits	929,422	974,711	583,437	600,158	893,520	890,117	986,962	711,320	892,307	696,558
Intergovernmental	5,118,765	7,814,389	6,999,567	7,993,184	14,095,036	11,958,229	11,964,140	10,437,044	12,992,390	14,762,671
Charges for services	1,891,997	1,924,706	1,717,633	1,674,434	1,831,684	2,111,583	2,214,242	2,404,748	485,746	266,453
Fines and forfeitures	1,528,308	1,236,006	974,651	992,776	958,066	820,736	701,178	830,411	829,335	925,760
Interest income	46,144	131,625	153,422	416,810	731,832	825,390	178,236	422	933,229	1,750,118
Miscellaneous	370,476	1,018,859	683,172	607,719	727,129	697,866	808,920	719,309	808,065	684,337
Total Revenues	20,015,941	23,625,465	24,639,772	25,932,170	33,000,482	32,478,638	34,122,691	34,586,272	36,728,649	38,996,519
<b>Expenditures:</b>										
General government	3,826,386	4,095,809	3,966,525	4,130,071	4,472,441	5,001,096	5,405,077	5,233,244	4,371,305	4,704,259
Public safety (2)	6,392,114	6,581,069	6,904,536	7,168,010	8,381,646	8,968,003	9,306,093	10,322,679	11,698,303	12,348,134
Highways and public improvements	812,797	784,451	759,449	881,927	1,453,828	1,208,398	1,781,838	1,562,778	2,258,794	2,837,843
Parks, recreation, and public property	736,565	841,194	892,240	978,895	1,007,424	1,142,879	1,175,194	1,131,749	1,046,241	1,206,764
Redevelopment (3)	3,565,775	1,654,141	2,208,413	3,311,665	8,757,123	3,351,865	2,378,196	2,840,234	2,180,731	4,607,041
Community and economic development	1,281,767	1,324,787	1,230,080	1,458,891	1,589,996	1,291,148	1,424,506	1,312,434	1,292,623	1,164,865
Capital outlay - noncapitalized	446,139	12,420	1,690,088	1,296,156	7,141,163	3,612,289	1,769,117	5,454,922	102,790	567,513
Capital outlay - capitalized	4,350,028	10,419,056	7,468,225	1,322,370	2,422,258	3,556,068	1,919,894	423,503	1,481,062	1,453,789
Pledge pmt - interlocal guarantee agreement (4)	-	-	-	-	-	-	-	-	-	-
Debt service principal	1,670,000	1,745,000	1,995,000	2,831,000	3,159,000	21,963,000	2,940,000	3,242,717	3,657,432	3,787,951
Debt service interest	1,771,647	1,874,301	1,993,689	2,520,085	3,098,685	3,215,623	1,987,391	1,969,927	1,969,192	1,844,075
Total Expenditures	24,853,218	29,332,228	29,108,245	25,899,070	41,483,564	53,310,369	30,087,306	33,494,187	30,058,473	34,522,234
Excess of revenue over (under) expenditures	(4,837,277)	(5,706,763)	(4,468,473)	33,100	(8,483,082)	(20,831,731)	4,035,385	1,092,085	6,670,176	4,474,285
<b>Other financing sources (uses):</b>										
Proceeds from sale of assets	2,934,626	12,976	8,435	219,891	513,156	56,297	700	207	17,970	275,060
Proceeds from capital lease/note payable	-	-	-	-	-	-	-	-	-	-
Proceeds from bond issuance	-	12,961,000	9,146,632	20,255,623	8,657,528	-	2,163,893	5,500,000	-	-
Discount on bond issuance	-	-	-	-	-	-	-	-	-	-
Special item - public safety transfer (2)	-	-	-	-	-	-	-	-	-	-
Contribution from other government	-	-	-	-	-	-	-	-	-	-
Transfers in	1,173,956	2,346,242	11,344,438	1,887,831	6,836,195	2,082,217	202,887	2,405,624	3,594,693	3,880,664
Transfers out	(2,304,756)	(3,274,742)	(12,117,438)	(2,737,831)	(7,686,195)	(2,932,217)	(1,376,487)	(3,325,993)	(4,505,277)	(4,576,276)
Total other financing sources (uses)	1,803,826	12,045,476	8,382,067	19,625,514	8,320,684	(793,703)	990,993	4,579,838	(892,614)	(420,552)
<b>Net change in Fund Balance</b>	\$ (3,033,451)	\$ 6,338,713	\$ 3,913,594	\$ 19,658,614	\$ (162,398)	\$ (21,625,434)	\$ 5,026,378	\$ 5,671,923	\$ 5,777,562	\$ 4,053,733
Debt service as a percentage of non-capital expenditures:	16.8%	19.1%	18.4%	21.8%	16.0%	50.6%	17.5%	15.8%	19.7%	17.0%
Notes:										
(1) Beginning in FY 2014, the Utah State Auditor's Office required classification of tax increment revenue received by a Redevelopment Agency from other taxing entities as "Intergovernmental Revenue" instead of "Property Taxes". Property taxes reported for prior years which represent "contributions from other governments" are as follows: 2013 - \$2,009,800; 2012 - \$1,512,800; 2011 - \$1,356,300; 2010 - \$972,900.										
(2) Beginning in FY 2012, the Salt Lake Valley Fire Service Area (SLVFSA) began providing fire service to Midvale City. SLVFSA is a taxing entity and collects property tax directly from Midvale residents to provide services.										
(3) Midvale City is one of 11 founding members of the Utah Telecommunications Open Infrastructure Network (UTOPIA). Beginning in FY 2013, pledge payments to UTOPIA are paid from the Telecommunications Enterprise Fund.										

**MIDVALE CITY CORPORATION**  
**Governmental Activities Tax Revenue by Source**  
**(Modified Accrual Basis of Accounting)**  
**Last Ten Fiscal Years**

Fiscal Year	Property Tax	Uniform Vehicle Tax	Sales Tax	Franchise and Energy Tax	Telecom-munications Tax	Transient Room Tax	Total Tax Revenues
2015	1,145,102	113,980	6,221,500	2,086,631	429,025	134,591	10,130,829
2016	1,178,525	126,648	6,463,225	2,192,132	425,164	139,475	10,525,169
2017 (1)	3,202,775	417,806	7,128,932	2,205,528	407,915	164,934	13,527,890
2018	3,183,212	333,097	7,382,052	2,212,291	356,013	180,425	13,647,090
2019 (2)	3,129,874	354,332	7,695,281	2,115,894	300,028	167,806	13,763,215
2020	3,449,390	294,748	8,967,771	2,083,511	234,626	144,669	15,174,716
2021	3,273,367	289,817	10,434,898	2,118,393	183,177	132,316	16,431,968
2022	3,303,528	329,351	12,037,076	2,062,780	190,229	217,639	18,140,605
2023 (1)	3,636,704	345,594	12,306,587	2,774,920	312,092	236,504	19,612,400
2024 (1)	3,768,493	394,837	12,519,490	2,514,968	191,713	247,693	19,637,194

Notes:

(1) In Fiscal Years 2017, 2023, 2024 Midvale increased it's property tax rate.

(2) In June 2019, Midvale started receiving additional sales tax revenue for transportation.

**MIDVALE CITY CORPORATION**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Calendar Years**

Year	Primary Residential		Secondary or non-residential		Personal and Centrally assessed		Total		Assessed value as a percentage of market value	Direct Tax Rate
	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value		
2013	939,637,475	1,708,431,773	590,548,960	590,548,960	119,788,367	119,788,367	1,649,974,802	2,418,769,100	68.22%	0.000658
2014	1,039,080,432	1,889,237,148	630,681,800	630,681,800	143,089,908	143,089,908	1,812,852,140	2,663,008,856	68.08%	0.000623
2015	1,116,706,717	2,030,375,849	673,315,410	673,315,410	151,815,849	151,815,849	1,941,837,976	2,855,507,108	68.00%	0.000609
2016	1,245,409,487	2,264,380,886	784,756,880	784,756,880	154,083,626	154,083,626	2,184,249,993	3,203,221,392	68.19%	0.001398
2017	1,333,498,303	2,424,542,369	924,171,610	924,171,610	189,086,848	189,086,848	2,446,756,761	3,537,800,827	69.16%	0.001309
2018	1,476,462,885	2,684,477,973	1,016,133,620	1,016,133,620	201,564,340	201,564,340	2,694,160,845	3,902,175,933	69.04%	0.001166
2019	1,554,387,765	2,826,159,573	1,101,096,800	1,101,096,800	221,158,247	221,158,247	2,876,642,812	4,148,414,620	69.34%	0.001107
2020	1,758,545,454	3,197,355,372	1,165,790,630	1,165,790,630	231,978,525	231,978,525	3,156,314,609	4,595,124,527	68.69%	0.001043
2021	1,991,196,649	3,620,357,544	1,218,485,770	1,218,485,770	239,114,356	239,114,356	3,448,796,775	5,077,957,670	67.92%	0.000987
2022	2,666,706,343	4,848,556,988	1,413,171,870	1,413,171,870	243,380,270	243,380,270	4,323,258,483	6,505,109,128	66.46%	0.000870
2023	2,690,766,057	4,907,204,922	1,585,264,880	1,585,264,880	276,293,448	276,293,448	4,552,324,385	6,768,763,250	67.25%	0.000892

Note: Taxable value is 55% of market value for primary residential property and 100% for all other property

Note: Midvale City operates on a fiscal year beginning July 1 and ending June 30. Property taxes are generally paid in November. Property tax revenue for FY 2024 is based upon the calendar year 2023 rate. The same is true for all fiscal years.

Sources: *Utah State Tax Commission (233b List of Final Values) and [taxrates.utah.gov/rateDetail](https://taxrates.utah.gov/rateDetail)*

**MIDVALE CITY CORPORATION**  
**Property Tax Rates—Direct and Overlapping Governments**  
**Last Ten Calendar Years**

Calendar Year	City Direct Rate			Overlapping Rates - all Midvale taxing areas							Total Rate	Overlapping Rates - some Midvale taxing areas		
	General Operations	G.O. Bond	Total Direct Rate	School District (1)	Unified Fire Service Area (2)	Salt Lake County (3)	S.S.L. Valley Abatement District	Central Utah Water Cons District	Jordan Valley Water Cons District (4)	Total Overlapping Rates	Total Direct and Overlapping Rates	Mid Valley Improvement District (5)	Sandy Suburban Improvement District (6)	Cottonwood Improvement District (7)
2014	0.000623	-	0.000623	0.007823	0.002097	0.003751	0.000020	0.000422	0.000399	0.014512	0.015135	0.000904	0.000945	0.000226
2015	0.000609	-	0.000609	0.007859	0.002000	0.003502	0.000019	0.000405	0.000400	0.014185	0.014794	0.000871	0.000885	0.000215
2016	0.001168	0.000230	0.001398	0.007227	0.001888	0.003278	0.000018	0.000400	0.000372	0.013183	0.014581	0.000816	0.000800	0.000199
2017	0.001095	0.000214	0.001309	0.007227	0.001888	0.003278	0.000017	0.000400	0.000372	0.013182	0.014491	0.000773	0.000758	0.000189
2018	0.000979	0.000187	0.001166	0.007117	0.001812	0.003104	0.000015	0.000400	0.000400	0.012848	0.014014	0.000699	0.000696	0.000176
2019	0.000932	0.000175	0.001107	-	-	-	0.000014	-	-	0.000014	0.001121	0.000663	0.000640	0.000169
2020	0.000883	-	0.000883	0.007297	0.001715	0.002547	0.000013	0.000400	0.000366	0.012338	0.013221	0.000619	0.000603	0.000161
2021	0.000987	-	0.000987	0.006990	0.001594	0.002459	0.000012	0.000400	0.000369	0.011824	0.012811	0.000570	0.000547	0.000147
2022	0.000870	-	0.000870	0.006053	0.001322	0.002020	0.000009	0.000400	0.000319	0.010123	0.010993	0.000448	0.000448	0.000119
2023	0.000892	-	0.000892	0.005705	0.001346	0.002041	0.000009	0.000400	0.000341	0.009842	0.010734	0.000442	0.000432	0.000176

Note: Midvale City operates on a fiscal year beginning July 1 and ending June 30. Property taxes are generally paid in November. Property tax revenue for FY 2023 is based upon the calendar year 2022 rate. The same is true for all fiscal years.

- (1) - School District includes Canyons School District and Jordan/Canyons School District debt service area.  
(2) - Midvale City merged with the Unified Fire Service Area in 2012. Prior to that time, Midvale City provided fire service.  
(3) - Salt Lake County tax rate listed includes Salt Lake County Library, county assessing & collecting levy, and multicounty assessing & collecting levy.  
(4) - Jordan Valley Water Conservancy District is a taxing entity in 8 of 9 taxing areas within Midvale City  
(5) - Mid Valley is a taxing entity in 1 of 9 taxing areas within Midvale City  
(6) - Sandy Suburban is a taxing entity in 2 of 9 taxing areas within Midvale City  
(7) - Cottonwood is a taxing entity in 1 of 9 taxing areas within Midvale City

Source: Utah State Tax Commission

**MIDVALE CITY CORPORATION**  
**Principal Property Tax Payers**  
**Current and Ten Years Ago**

Taxpayer	Calendar Year 2023			Calendar Year 2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
FORT UNION SHOPPING CENTER LLC	114,442,020	1	3.32%			
ZIONS BANCORPORATION, NA	95,447,500	2	2.77%			
PCCP JSP SPRINGS LLC	74,973,101	3	2.17%			
JB1 HOLDINGS, LLC	68,887,830	4	2.00%			
ARBOR GARDNER BINGHAM JUNCTION OFFICE	61,003,100	5	1.77%			
SAN MORITZ APARTMENTS LLC	57,179,760	6	1.66%			
PGM JORDAN BLUFFS, LLC	56,917,700	7	1.65%			
TALavera AT THE JUNCTION, LLC	44,869,165	8	1.30%			
JSP RIDGE I, LLC	43,363,980	9	1.26%			
PEACE COLISEUM, LLC	40,184,700	10	1.17%			
DDR FORT UNION I & II LLC				38,971,700	1	2.36%
JAMES CAMPBELL COMPANY LLC				37,956,200	2	2.30%
DDR MIDVALLEY LLC				32,664,810	3	1.98%
PCCP JSP SPRINGS LLC				28,044,995	4	1.70%
RADDON UNION HEIGHTS OFFICE				25,230,100	5	1.53%
FLDSMIDTH SALT LAKE CITY, INC				24,333,600	6	1.47%
SAN MORITZ APARTMENTS LLC				24,021,800	7	1.46%
THE FOUREL INVESTMENT CO				18,925,700	8	1.15%
US BANK NATINOAL				18,133,100	9	1.10%
JSP RIDGE I, LLC				17,285,675	10	1.05%
	<u>\$ 657,268,856</u>		<u>19.06%</u>	<u>\$ 265,567,680</u>		<u>16.75%</u>

Source: Salt Lake County

**MIDVALE CITY CORPORATION**  
**Property Tax Levies and Collections**  
**Last Ten Calendar Years**

Calendar Year	Taxes Levied		Collected within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$	1,124,593	\$ 1,079,909	96.03%	\$ 19,210	\$ 1,099,119	97.73%
2015		1,175,963	1,124,808	95.65%	22,342	1,147,150	97.55%
2016		2,487,950	2,475,394	99.50%	41,137	2,516,531	101.15%
2017		2,673,585	2,591,313	96.92%	49,305	2,640,617	98.77%
2018		2,640,631	2,582,050	97.78%	51,455	2,633,505	99.73%
2019		2,676,171	2,608,154	97.46%	39,243	2,647,397	98.92%
2020		3,262,762	3,177,810	97.40%	40,218	3,218,028	98.63%
2021		3,395,649	3,282,048	96.65%	48,741	3,330,789	98.09%
2022		3,760,124	3,659,990	97.34%	41,700	3,701,689	98.45%
2023		4,032,782	3,922,515	97.27%	33,638	3,956,153	98.10%

*Source: Salt Lake County Treasurer*

Note: Property tax collections may be higher than the amount levied and budgeted due to new growth and the collection of personal property tax.

**MIDVALE CITY CORPORATION**  
**Sales Tax Revenue (Point of Sale) by Industry**  
**Last Ten Fiscal Years**

Category	Fiscal Year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Retail sales											
Apparel/accessories	\$ 140,976	\$ 140,947	\$ 144,672	\$ 174,423	\$ 162,381	\$ 155,475	\$ 165,718	\$ 141,226	\$ 157,549	\$ 134,188	\$ 123,305
Auto sales and services	498,464	570,713	647,366	942,626	1,000,134	1,011,055	1,068,879	1,008,921	1,245,291	1,198,085	1,178,113
Bldg materials, hardware	467,259	410,886	360,367	441,842	434,463	439,993	573,948	888,130	778,896	378,816	311,844
Eating & drinking establishments	730,231	782,303	910,302	1,015,571	1,061,026	1,110,965	1,131,165	1,277,063	1,406,047	1,595,648	1,738,373
Groceries	791,644	816,004	854,755	905,885	849,487	845,742	881,657	891,626	926,342	1,107,549	1,094,149
General merchandise	506,733	488,733	497,656	504,178	526,831	528,494	541,790	565,920	634,984	622,710	607,519
Home furnishings/equipment	286,501	346,166	383,493	385,372	324,795	215,003	191,349	160,646	217,795	144,146	105,626
Miscellaneous retail	965,856	964,588	1,009,948	1,012,853	1,005,730	953,684	910,693	1,126,587	1,171,024	1,043,858	1,010,304
Total retail	4,387,664	4,520,340	4,808,559	5,382,750	5,364,847	5,260,411	5,465,198	6,060,118	6,537,928	6,225,000	6,169,233
Other											
Wholesale trade	749,354	729,746	722,490	799,404	759,449	1,038,996	1,096,832	1,207,647	1,537,373	1,377,936	1,335,670
Services	659,199	685,306	684,684	903,143	894,916	991,967	1,014,423	944,726	1,283,438	1,149,239	1,186,492
Utility/communication	525,515	538,699	558,343	584,132	583,360	547,936	512,938	511,468	564,631	628,043	620,020
Manufacturing	201,939	226,271	201,273	210,250	233,724	247,118	288,754	339,305	368,153	370,280	380,862
Miscellaneous other	304,964	393,035	253,139	238,452	333,220	421,501	773,858	1,429,447	1,530,962	2,416,701	2,715,334
Total other	2,440,971	2,573,057	2,419,929	2,735,380	2,804,669	3,247,518	3,686,805	4,432,593	5,284,557	5,942,199	6,238,378
Grand Total	\$ 6,828,635	\$ 7,093,397	\$ 7,228,488	\$ 8,118,130	\$ 8,169,516	\$ 8,507,929	\$ 9,152,003	\$ 10,492,711	\$ 11,822,485	\$ 12,167,199	\$ 12,407,611
<p>Note: Utah state law requires pooling and redistributing (based upon population) fifty percent of each municipality's "point of sale" sales tax revenue. Midvale City loses approximately nine percent of its "point of sale" sales tax revenue to other municipalities. See "Total Sales Tax Revenue" table</p> <p>Source: <i>Utah State Tax Commission</i>  <i>Midvale City - Sales Tax by category - June 2024</i></p>											

**MIDVALE CITY CORPORATION**  
**Total Sales Tax Revenue**  
**Last Ten Fiscal Years**

	Fiscal Year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Midvale City Point of Sale revenue	\$ 6,828,635	\$ 7,093,397	\$ 7,228,488	\$ 8,118,130	\$ 8,169,516	\$ 8,507,928	\$ 9,950,944	\$ 10,492,711	11,822,473.57	12,167,196.86	12,568,757.56
Less 50% of Point of sale	(3,414,320)	(3,546,702)	(3,614,247)	(4,059,114)	(4,084,775)	(4,253,961)	(4,975,472)	(5,246,356)	(5,850,657.28)	(6,083,607.23)	(6,421,377.61)
plus portion of statewide pool	2,598,910	2,767,016	2,957,289	3,170,136	3,380,453	3,508,542	4,078,562	4,417,115	5,302,325.65	5,393,967.66	5,777,498.18
Total distribution	6,013,225	6,313,711	6,571,530	7,229,152	7,465,194	7,762,509	9,054,034	9,663,470	11,274,142	11,477,557	11,924,878.13
Admin fee and other deductions	(82,556)	(92,211)	(108,304)	(100,318)	(83,176)	(73,852)	(86,263)	(79,427)	(93,144)	(100,456)	(101,999.65)
Net distribution	\$ 5,930,669	\$ 6,221,500	\$ 6,463,226	\$ 7,128,834	\$ 7,382,018	\$ 7,688,657	\$ 8,967,771	\$ 9,584,044	\$ 11,180,998	\$ 11,377,101	11,822,878.48
Point of sale revenue lost to statewide pool	\$ 815,410	\$ 779,686	\$ 656,958	\$ 888,978	\$ 704,322	\$ 745,419	\$ 896,910	\$ 829,241	\$ 548,332	\$ 689,640	643,879.43
<i>Source: Utah State Tax Commission</i> <i>Midvale City - Sales Tax by category - June 2024</i>											



**MIDVALE CITY CORPORATION**  
**Direct and Overlapping Sales Tax Rates**  
**Last Ten Fiscal Years**

Year	Midvale City Direct Rate	State of Utah	Salt Lake County	County Option Transportation	Mass Transit	Transportation Infrastructure	Botanical, Cultural, Zoo (ZAP)	Total Sales Tax Rate
2015	1.00%	4.70%	0.25%	0.25%	0.55%		0.10%	6.85%
2016	1.00%	4.70%	0.25%	0.25%	0.55%		0.10%	6.85%
2017	1.00%	4.70%	0.25%	0.25%	0.55%		0.10%	6.85%
2018	1.00%	4.70%	0.25%	0.25%	0.55%		0.10%	6.85%
2019	1.00%	4.85%	0.25%	0.25%	0.55%	0.25%	0.10%	7.25%
2020	1.00%	4.85%	0.25%	0.25%	0.55%	0.25%	0.10%	7.25%
2021	1.00%	4.85%	0.25%	0.25%	0.55%	0.25%	0.10%	7.25%
2022	1.00%	4.85%	0.25%	0.25%	0.55%	0.25%	0.10%	7.25%
2023	1.00%	4.85%	0.25%	0.25%	0.55%	0.25%	0.10%	7.25%
2024	1.00%	4.85%	0.25%	0.25%	0.55%	0.25%	0.10%	7.25%

Source: Utah State Tax Commission - [www.tax.utah.gov/sales/rates.html](http://www.tax.utah.gov/sales/rates.html)

**MIDVALE CITY CORPORATION**  
**Ratepayer Fees—Business-Type Activities**  
**Last Ten Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Culinary water	\$ 3,966,808	\$ 4,087,429	\$ 4,390,444	\$ 4,540,074	\$ 4,425,842	\$ 5,055,765	\$ 5,535,192	\$ 5,452,789	\$ 5,942,291	\$ 6,591,497
Sewer	1,448,267	1,632,358	1,917,097	2,158,794	2,261,354	2,568,389	2,792,422	3,051,297	3,355,393	3,684,456
Storm water	1,531,045	1,561,721	1,719,035	1,732,746	1,735,881	1,987,306	2,041,234	2,066,455	2,089,771	2,097,190
Street Lighting	245,793	371,086	379,598	379,360	382,474	389,100	399,760	404,891	405,821	406,361
Sanitation	995,788	906,863	932,126	931,339	1,025,598	1,132,844	1,252,012	1,275,598	1,327,682	1,476,079
Telecommunications	15,291	17,121	21,288	27,193	20,186	20,732	21,060	16,194	13,305	10,914
Total	\$ 8,202,992	\$ 8,576,578	\$ 9,359,588	\$ 9,769,506	\$ 9,851,335	\$ 11,154,135	\$ 12,041,681	\$ 12,267,225	\$ 13,134,264	\$ 14,266,498

**MIDVALE CITY CORPORATION**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Government Activities								Business-type Activities			Total Primary Government	Percentage of personal income	Per Capita
	General Obligation Bonds	Excise Tax Revenue Bonds	Sales Tax Revenue Bonds	RDA* Revenue Bonds	MBA** Lease Revenue Bonds	Direct Borrowings	Notes Payable	Leases	Revenue Bonds	Notes Payable	Leases			
2015	1,826,829	1,185,501	-	23,954,615	8,673,433	-	75,000	-	22,980,954	287,867	-	58,984,199	8.95%	1,859
2016	1,495,049	898,631	-	36,004,751	8,436,929	-	60,000	-	21,812,732	284,547	-	68,992,639	9.78%	2,115
2017	1,143,949	611,761	9,137,669	35,068,887	7,985,425	-	45,000	-	20,718,676	275,209	-	74,986,576	10.69%	2,270
2018	777,509	309,891	8,928,894	53,673,494	7,523,921	-	30,000	-	26,005,919	230,540	-	97,480,168	13.22%	2,935
2019	396,069	-	8,460,119	60,516,705	7,062,417	-	15,000	-	24,539,935	197,628	-	101,187,873	12.93%	3,020
2020	-	-	7,931,344	39,658,996	6,590,913	-	-	-	23,053,951	153,430	-	77,388,634	9.41%	2,268
2021	-	-	7,387,569	37,459,287	6,104,409	2,163,892	-	-	22,393,968	125,737	-	75,634,862	8.47%	2,099
2022	-	-	6,828,794	35,180,578	5,607,905	7,465,175	-	-	19,991,984	111,601	-	75,186,037	7.17%	2,092
2023	-	-	6,250,019	32,703,166	5,101,401	6,962,743	-	-	18,275,058	98,211	-	69,390,598	6.62%	1,949
2024	-	-	5,651,244	28,381,565	5,584,897	5,895,209	-	-	26,186,059	77,851	-	71,776,825	6.85%	1,992

\*Redevelopment Agency  
\*\*Municipal Building Authority

Notes:  
Outstanding bond amounts include related unamortized premiums/discounts.  
Detail regarding the City's outstanding debt can be found in the notes to the financial statements.  
See "Demographic and Economic Statistics" for personal income and per capita data.

**Midvale City**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Estimated Actual Value of Property	Percentage of Estimated Actual Value of Property	Population	Per Capita
2015	1,826,829	2,663,008,856	0.07%	31,725	58
2016	1,495,049	2,855,507,108	0.05%	32,613	46
2017	1,143,949	3,203,221,392	0.04%	33,035	35
2018	777,509	3,537,800,827	0.02%	33,208	23
2019	396,069	3,902,175,933	0.01%	33,506	12
2020	-	4,148,414,620	0.00%	34,124	-
2021	-	4,595,124,527	0.00%	36,028	-
2022	-	5,077,957,670	0.00%	35,938	-
2023	-	6,505,109,128	0.00%	35,609	-
2024	-	6,768,763,250	0.00%	36,028	-

Note:  
 Outstanding bond amounts include related unamortized premiums/discounts.

**Midvale City**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2024**

Governmental Unit (Jurisdiction)	Outstanding debt	Estimated Percentage Applicable to Midvale City	Amount Applicable to Midvale City
<b>Direct:</b>			
Midvale City Corporation	\$ 11,546,453	100.0%	\$ 11,546,453.0
Redevelopment Agency of Midvale City	28,381,565	100.0%	28,381,565
Midvale City Municipal Building Authority	5,584,897	100.0%	5,584,897
Total Direct Debt			45,512,915
<b>Overlapping:</b>			
Canyons School District	365,060,000	11.70%	42,712,020
Central Utah Water Conservancy District	704,145,777	1.60%	11,266,332
Salt Lake County	368,604,044	2.40%	8,846,497
Sandy Suburban Improvement District	1,992,000	1.80%	35,856
Total Overlapping Debt			62,860,705
Total Direct and Overlapping Debt			\$ 108,373,621
<b>Notes:</b> Direct debt amounts include related unamortized premiums/discounts.  Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Midvale City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.			

**MIDVALE CITY CORPORATION**  
**General Obligations on Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit										
General - 4%	\$ 106,520,354	\$ 114,220,284	\$ 128,128,856	\$ 141,512,033	\$ 156,087,037	\$ 165,936,585	\$ 183,804,981	\$ 203,118,307	\$ 260,204,365	\$ 270,154,410
Water and Sewer - 8%	213,040,708	228,440,569	256,257,711	283,024,066	312,174,075	331,873,170	367,609,962	406,236,614	520,408,730	540,308,820
Net debt applicable to limit	(1,800,000)	(1,470,000)	(1,130,000)	(770,000)	(395,000)	-	-	-	-	-
Additional Debt Incurring Capacity	\$ 317,761,063	\$ 341,190,853	\$ 383,256,567	\$ 423,766,099	\$ 467,866,112	\$ 497,809,754	\$ 551,414,943	\$ 609,354,920	\$ 780,613,095	\$ 810,463,230
Total net debt applicable to the limit as a percentage of debt limit	0.56%	0.43%	0.29%	0.18%	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%
Legal Debt Margin Calculation for Fiscal Year 2024										
Estimated fair market value as of 12/31/2023	\$ 6,753,860,250									
Legal debt margin										
Debt limitation available for general purposes - 4%	270,154,410									
Water and Sewer - 8%	540,308,820									
Total General Obligation debt outstanding	-									
Additional Debt Incurring Capacity	\$ 810,463,230									
Source: Utah State Tax Commission										

**MIDVALE CITY CORPORATION**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

Redevelopment Agency (RDA) Property Tax/Sales Tax Revenue Bonds						Water, Sewer, Storm Water Revenue Bonds					Excise Tax Revenue Bonds		
Fiscal Year	Sales Tax Revenue	RDA Tax Increment Revenue	Total	Debt Service	Coverage	Water/Sewer Net Revenue	Storm Water Net Revenue	Total Net Revenue	Debt Service	Coverage	B&C Road Fund Revenue	Debt Service	Coverage
2015	6,221,500	3,185,596	9,407,096	2,255,861	4.17	1,954,426	667,351	2,621,777	1,841,478	1.42	837,135	311,500	2.69
2016	6,463,225	3,816,394	10,279,619	2,417,716	4.25	1,904,113	619,483	2,523,596	2,006,953	1.26	844,929	326,500	2.59
2017	7,128,932	4,658,617	11,787,549	2,594,694	4.54	2,157,726	688,930	2,846,656	1,971,009	1.44	1,158,697	315,500	3.67
2018	7,382,052	6,168,040	13,550,092	3,948,090	3.43	2,631,971	620,775	3,252,746	1,962,916	1.66	1,018,459	319,500	3.19
2019	7,695,281	6,501,445	14,196,726	4,871,864	2.91	2,663,858	448,780	3,112,638	2,342,068	1.33	1,084,543	315,000	3.44
2020	8,967,771	7,431,373	16,399,144	4,363,722	3.76	2,038,373	612,967	2,651,340	2,333,774	1.14	1,066,753	-	N/A
2021	10,434,898	7,793,504	18,228,402	3,474,685	5.25	2,737,706	803,023	3,540,729	2,187,415	1.62	1,178,276	-	N/A
2022	12,037,076	8,333,574	20,370,650	3,478,715	5.86	2,823,798	797,911	3,621,709	2,159,827	1.68	1,326,959	-	N/A
2023	12,306,587	8,799,240	21,105,827	3,479,992	6.06	2,605,907	749,455	3,355,362	2,136,252	1.57	1,388,823	-	N/A
2024	12,519,490	7,225,105	19,744,595	3,482,772	5.67	3,967,887	618,389	4,586,276	2,615,140	1.75	1,389,754	-	N/A
Required coverage					1.25								2.00

**Midvale City**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income	Income Per Capita	Unemployment Rate (Percentage)
2014	30,764	\$ 602,273,191	\$ 19,577	3.9
2015	31,725	658,848,428	20,767	4.0
2016	32,613	705,267,157	21,625	3.4
2017	33,035	701,442,593	21,233	3.6
2018	33,208	737,492,670	22,208	3.5
2019	33,506	782,772,888	23,362	3.0
2020	34,124	822,461,002	24,102	7.4
2021	36,028	892,752,252	24,779	3.2
2022	35,938	1,048,573,122	29,177	2.4
*2023	35,609	1,048,573,122	29,447	2.7
*2024	36,028	1,048,573,122	29,104	3.6

**Sources:**

Personal Income: <https://tax.utah.gov/econstats/federal-returns>

Population - <https://www.census.gov>

Unemployment rate -<https://data.bls.gov/timeseries>

[/LAUCN4903500000000003?amp%253bdata\\_tool=XGtable&output\\_view=data&include\\_graphs=true](https://data.bls.gov/timeseries/LAUCN4903500000000003?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true)

**\*Note:**

Personal income for the year 2023 & 2024 relies on data from 2022, given that information beyond that timeframe is not accessible as of the publication date.



**MIDVALE CITY CORPORATION**  
**Principal Employers**  
**Current Year and Eleven Years Ago**

2023			2013		
Employer	Employees	Percentage of total City Labor Force	Employer	Employees	Percentage of total City Labor Force
ZIONS BANCORPORATION N A	1000-1999	8.8%	THE CANYONS SCHOOL DISTRICT	500-999	5.6%
CHG COMPANIES, INC.	500-999	4.4%	FL SMIDTH DORR-OLIVER EIMCO INC	500-999	5.6%
GIV. CARE, INC.	500-999	4.4%	EDWARDS LIFESCIENCES LLC	250-499	2.8%
INTERMOUNTAIN HEALTH CARE, INC.	500-999	4.4%	WAL-MART ASSOCIATES, INC.	250-499	2.8%
FLEXTRONICS INTERNATIONAL USA INC	250-499	2.2%	STAKER & PARSON COMPANIES	250-499	2.8%
FLSMIDTH INC.	250-499	2.2%	UTAH TRANSIT AUTHORITY	100-249	1.4%
OVERSTOCK COM INC	250-499	2.2%	APEX STAFFING, LLC	100-249	1.4%
QES, INC	250-499	2.2%	EXPRESS SERVICES, INC.	100-249	1.4%
TOPGOLF PAYROLL SERVICES, LLC	250-499	2.2%	SPORTS WAREHOUSE	100-249	1.4%
UTAH TRANSIT AUTHORITY	250-499	2.2%	RSI-RESIDENTIAL SERVICES INC	100-249	1.4%
WAL-MART ASSOCIATES INC	250-499	2.2%			
ARTHUR J GALLAGHER SERVICE COMPANY	100-249	1.1%			
CHG MEDICAL STAFFING, INC.	100-249	1.1%			
CUPERTINO ELECTRIC INC	100-249	1.1%			
GREENWOOD MEDICAL CTR	100-249	1.1%			
HARMONS	100-249	1.1%			
HIGHLAND RIDGE HOSPITAL	100-249	1.1%			
HILLCREST HIGH	100-249	1.1%			
JORDAN VALLEY SPECIAL SCHOOL	100-249	1.1%			
MIDVALE ELEMENTARY	100-249	1.1%			
MIDVALE MIDDLE	100-249	1.1%			
MOLINA HEALTHCARE, INC.	100-249	1.1%			
PENDRY PARK CITY, LLC	100-249	1.1%			
PREMIER GROUP STAFFING LLC	100-249	1.1%			
SAVAGE SERVICES	100-249	1.1%			
SMITH'S	100-249	1.1%			
TERRACON CONSULTANTS, INC.	100-249	1.1%			
UTAH MEDICAL PRODUCTS INC	100-249	1.1%			
WINCO FOODS	100-249	1.1%			
ZAGG INC	100-249	1.1%			
Midvale City total labor force		22,783			17,822

Sources:

<https://jobs.utah.gov/jsp/firmfind/#/download>

**MIDVALE CITY CORPORATION**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government										
Legislative	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Executive	0.5	0.5	0.5	0.5	1.0	1.0	1.0	1.0	1.0	1.0
Administrative	1.0	1.0	2.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Emergency Management	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attorney		3.0	3.0	4.0	4.0	4.0	3.0	3.0	4.0	5.0
Finance	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	3.5
Utility Billing	2.0	2.5	2.0	2.0	2.0	2.0	4.0	4.0	3.0	3.0
Recorder	1.5	1.5	1.5	2.0	1.5	1.5	2.5	2.5	2.5	2.5
Human Resources	1.5	1.5	1.5	2.0	1.5	1.5	1.5	1.5	1.5	1.5
Justice Court	9.5	9.0	7.5	8.5	9.0	8.5	8.5	8.5	8.5	8.5
Information Technology	3.0	3.0	3.0	3.0	3.0	3.0	4.0	6.0	6.5	6.0
Total General Government	26.5	29.5	27.5	31.5	31.5	31.0	35.0	37.0	38.5	37.5
Community Development										
Administrative	2.0	2.0	2.0	2.0	2.0	3.0	1.5	3.0	1.5	1.5
Business Licensing	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	2.5	2.5
Economic Development	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0
Planning and Zoning	2.5	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Building	3.0	4.0	3.0	4.0	4.0	4.0	1.0	0.0	0.0	0.0
Code Enforcement	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0	0.0	0.0
Engineering	3.0	4.0	4.0	6.0	6.0	6.0	8.0	6.0	6.0	6.0
Redevelopment Agency	2.0	2.0	3.0	4.0	4.0	4.0	3.5	3.5	3.0	3.0
Total Community Development	16.5	18.0	18.0	23.0	23.0	24.0	19.0	18.0	17.0	16.0
Public Works										
Administrative	2.0	2.0	2.0	3.0	3.0	3.5	3.0	4.0	3.5	3.5
Facilities Maintenance	1.0	2.0	1.0	2.0	4.0	4.0	3.0	3.0	2.5	4.0
Parks/cemetery	1.0	1.0	2.0	2.0	2.0	2.0	4.0	3.0	4.5	4.5
Fleet	1.0	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5
Street/Storm Drain Maintenance	8.0	8.0	8.0	8.0	10.0	10.0	10.0	10.0	9.0	10.0
Water/Sewer	9.0	10.0	11.0	11.0	11.0	11.0	13.0	12.0	13.0	13.0
Total Public Works	22.0	24.5	26.0	28.0	32.0	32.5	35.0	34.0	34.5	37.5
Public Safety										
Total Public Safety	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total full-time equivalent employees	65.0	72.0	71.5	82.5	86.5	87.5	89.0	89.0	90.0	91.0
Note: Midvale City began contracting with the Unified Police Department in 2011 for provision of police services. The Salt Lake Valley Fire Service Area (SLVFSA), a separate taxing entity, annexed Midvale City in 2011. Fire service is now provided by SLVFSA.										

**MIDVALE CITY CORPORATION**  
**Operating Indicators**  
**Last Ten Fiscal Years**

Function	Fiscal Year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government											
Residential Building permits issued	226	178	89	48	94	137	12	39	56	72	29
Number of units (1)	433	385	229	115	115	657	450	181	283	203	\$203
Construction cost (1)	\$71,592,496	\$59,789,782	\$40,547,273	\$19,908,000	\$19,296,600	\$75,240,016	\$75,509,858	\$28,547,220	\$47,839,689	\$46,716,934	\$35,669,025
Water											
Residential water connections	5,885	5,995	6,056	6,075	6,100	6,100	6,540	6,574	6,552	6,560	6,569
Non-residential water connections	1,180	1,147	1,225	1,300	1,304	1,297	1,358	1,405	1,429	1,500	\$1,502
Billed consumption (thousand gallons)	1,522,137	1,485,905	1,681,979	1,635,284	1,651,219	1,532,342	1,862,537	2,000,917	1,672,653	1,728,372	\$1,780,156
Billed consumption per capita (thousand gallons)	49	47	52	50	50	46	55	56	47	49	49
Purchased from JVWCD (thousand gallons)	54,319	55,678	49,347	27,854	74,543	341,638	1,144,506	1,060,037	899,594	1,108,282	986,430
Purchased from Sandy City (thousand gallons)	640,987	624,264	642,691	620,474	626,296	315,372	0	0	0	0	0
Water from city wells (thousand gallons)	826,831	805,963	989,941	986,956	950,380	875,332	718,031	940,880	773,059	620,090	\$1,076,281
Percent purchased	46%	46%	41%	40%	42%	43%	61%	53%	54%	64%	40%
Sewer											
Residential sewer connections	2,297	2,307	2,348	2,362	2,385	2,381	2,371	2,373	2,373	2,370	2,442
Non-residential sewer connections	492	559	591	604	601	603	616	627	644	640	581
Sanitation											
Number of residential users	6,037	6,167	6,243	6,274	6,292	6,268	6,294	6,316	6,338	6,331	6,338
Number of residential cans in service	7,333	7,331	7,548	7,629	7,694	7,676	7,762	7,871	7,953	8,018	8,073

Source: Midvale City Corporation

**MIDVALE CITY CORPORATION**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public works										
Streets (miles)	70	70	70	70	70	70	92	95	92	92
Streetlight poles	1,372	1,372	1,381	1,384	1,384	1,384	1,568	1,112	1,568	1,568
Parks and recreation										
Developed park acreage	71	78	78	78	78	78	82	82	82	84
Undeveloped park acreage	5.7	2.78	2.78	2.78	2.78	2.78	0.0	0.0	0.0	0.0
Cemeteries	1	1	1	1	1	1	1	1	1	1
Cultural arts centers	1	1	1	1	1	1	1	1	1	1
Museums	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	97.4	97.4	97.7	98.1	98.1	112.0	131.2	139.2	136.0	138.0
Maximum daily capacity (million gallons)	8.8	9.6	9.7	9.8	9.8	9.8	10.0	10	14	14
Storage capacity (million gallons)	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Wells	5	5	5	5	5	5	5	4	3	3
Sewer										
Sewer lines (miles)	45	45	45	46	46	46	43	48	45	45
<i>Source: Midvale City Corporation</i>										

# INTERNAL CONTROLS AND COMPLIANCE REPORTS





CERTIFIED PUBLIC  
ACCOUNTANTS

Gary K. Keddington, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

**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**

To the Mayor, City Council, and Audit Committee  
Midvale City, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Midvale City, Utah (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 31, 2025.

**Report on 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) as a basis for designing 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.

**Report on 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 financial statements. 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*.

### **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.

*K&C, CPAs*

K&C, Certified Public Accountants  
Woods Cross, Utah  
January 31, 2025



CERTIFIED PUBLIC  
ACCOUNTANTS

Gary K. Keddington, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

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

To the Mayor, City Council, and Audit Committee  
Midvale City, Utah

**Report on Compliance**

We have audited Midvale City, Utah's (the City) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended June 30, 2024.

State compliance requirements were tested for the year ended June 30, 2024, in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Court
- Restricted Taxes and Related Restricted Revenue
- Fraud Risk Assessment
- Governmental Fees
- Utah Retirement Systems
- Open and Public Meetings Act

***Opinion on Compliance***

In our opinion, Midvale City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2024.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Midvale City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Midvale City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Midvale City's government programs.



### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Midvale City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Midvale City's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Midvale City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Midvale City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Midvale City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Guide and which is described in the accompanying schedule of findings and recommendations as item 2024-001. Our opinion on compliance is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on Midvale City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and recommendations. The Midvale City's response was not subject to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Report On Internal Control over Compliance***

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

*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 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 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 that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and recommendations as items 2024-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on Midvale City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and recommendations. The Midvale City's response was not subject to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Guide. Accordingly, this report is not suitable for any other purpose.

*K&C, CPAs*

K&C, Certified Public Accountants  
Woods Cross, Utah  
January 31, 2025

**MIDVALE CITY**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**For the Fiscal Year Ended June 30, 2024**

**STATE COMPLIANCE**

**2024-001 – Open and Public Meetings Act – Posting of Approved Minutes**

**Condition:** During our testing of State Compliance, it was noted that the 1/2/2024 City Council meeting minutes were approved on 1/16/2024 but were not uploaded to the Utah Public Notice website. It was also noted that the 10/3/2023 City Council meeting minutes were approved on 10/17/2023 and were posted on the Utah Public Notice website on 10/24/2024, which is 5 business days later.

**Criteria:** Utah Code Annotated (UCA) 52-4-203(4)(e)(ii)(A) states: “A state public body shall: within three business days after approving written minutes of an open meeting: post to the state website a copy of the approved minutes and any public materials distributed at the meeting.”

UCA 52-4-203(4)(a)(vi) further specifies: “State Website means the Utah Public Notice Website created under Section 63A-16-601”

**Cause:** The City did not upload a copy of the approved meeting minutes to the Utah Public Notice Website within the three business days, as required by Utah State Code.

**Effect:** The City did not comply with the State transparency requirements over public meetings.

**Recommendation:** We recommend the City develop policies and procedures to ensure that all approved meeting minutes are uploaded to the Utah Public Notice Website within the timeframe provided by the UCA.

**Management Response:** In order to ensure we are compliant moving forward, we will upload the day after approval moving forward, regardless of signatures, and replace that document when we have the appropriate signatures.



**Midvale City**

**Finance Department**

**7505 South Holden Street**

**Midvale UT, 84047-7180**

**Phone: (801) 567-7200**

**[WWW.MIDVALECITY.ORG](http://WWW.MIDVALECITY.ORG)**

## **APPENDIX B**

### **EXCERPTS OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE**

The following extracts briefly outline certain provisions contained in the Indenture and are not to be considered as a full statement thereof. Reference is made to the Indenture for full details of all the terms thereof, of the Series 2025 Bonds, the security provisions appertaining thereof, and the application of the Revenues and the definition of any terms used but not defined in this Official Statement.

#### **Definitions**

As used in the Indenture, the following terms shall have the following meanings unless the context otherwise clearly indicates:

“Accreted Amount” means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the amount representing the initial public offering price, plus the accumulated and compounded interest on such Bonds, as established pursuant to the Supplemental Indenture authorizing such Capital Appreciation Bonds.

“Acquisition/Construction Fund” means the Midvale City, Utah Water and Sewer Revenue Acquisition/Construction Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

“Act” means collectively the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, each to the extent applicable.

“Additional Bonds” means all Bonds issued under the Indenture other than the Initial Bonds.

“Administrative Costs” means all Security Instrument Costs, Reserve Instrument Costs, and Rebutable Arbitrage.

“Aggregate Annual Debt Service Requirement” means the total Debt Service (including any Repayment Obligations) for any one Bond Fund Year (or other specified period) on all Series of Bonds Outstanding or any specified portion thereof.

“Authorized Amount” means, with respect to a Commercial Paper Program, the maximum principal amount of commercial paper which is then authorized by the Issuer to be outstanding at any one time pursuant to such Commercial Paper Program.

“Authorized Representatives” means the Mayor, City Recorder, or any other officer of the Issuer so designated in writing by the Issuer to the Trustee.

“Balloon Bonds” means Bonds (and/or Security Instrument Repayment Obligations relating thereto), other than Bonds which mature within one Year from the date of issuance thereof, 25% or more of the Principal Installments on which (a) are due or, (b) at the option of the Owner thereof may be redeemed, during any one Year.

“Bond Anticipation Notes” means notes issued under the Indenture in anticipation of the issuance of a Series of Bonds.

“Bond Fund” means the Midvale City, Utah Water and Sewer Revenue Bond Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

“Bond Fund Year” means the 12-month period beginning July 1 of each year and ending on the next succeeding June 30, except that the first Bond Fund Year shall begin on the date of delivery of the Initial Bonds and shall end on the next succeeding June 30.

“Bondholder,” “Bondowner,” “Registered Owner,” or “Owner” means the registered owner of any Bonds in the Indenture authorized according to the registration books of the Issuer maintained by the Registrar.

“Bonds” means bonds, notes, commercial paper or other obligations (other than Repayment Obligations) authorized by and at any time Outstanding pursuant to the Indenture, including the Initial Bonds and any Additional Bonds.

“Business Day” means any day (i) (a) on which banking business is transacted, but not including any day on which banks are authorized to be closed in New York City or in the city in which the Trustee has its Principal Corporate Trust Office or, with respect to a related Series of Bonds, in the city in which any Security Instrument Issuer has its principal office for purposes of such Security Instrument and (b) on which the New York Stock Exchange is open, or (ii) as otherwise provided in a Supplemental Indenture.

“Capital Appreciation Bonds” means Bonds so designated, the interest on which (i) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such Bonds, and (ii) is payable upon maturity or prior redemption of such Bonds.

“City Recorder” means the City Recorder of the Issuer or any successor to the duties of such office and any deputy to the City Recorder.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commercial Paper Program” means a program of issuing commercial paper obligations with maturities of not more than two hundred seventy (270) days from the dates of issuance thereof which are issued and reissued by the Issuer from time to time pursuant to the Indenture and are outstanding up to an Authorized Amount.

“Construction Bonds” means Additional Bonds issued pursuant to the Indenture to finance all or part of the Cost of a Project.

“Cost” or “Costs” or “Cost of Completion,” or any phrase of similar import, in connection with a Project or with the refunding of any Bonds or other obligations, means all costs and expenses which are properly chargeable thereto under generally accepted accounting principles or which are incidental to the financing, acquisition, and construction of a Project, or the refunding of any Bonds or other obligations, including, without limiting the generality of the foregoing:

- (a) amounts payable to contractors and costs incident to the award of contracts;
- (b) cost of labor, facilities and services furnished by the Issuer and its employees or others, materials and supplies purchased by the Issuer or others, and permits and licenses obtained by the Issuer or others;
- (c) engineering, architectural, legal, planning, underwriting, accounting, and other professional and advisory fees;
- (d) premiums for contract bonds and insurance during construction and costs on account of personal injuries and property damage in the course of construction and insurance against the same;
- (e) printing, engraving, and other expenses of financing, fees of financial rating services and costs of issuing any Bonds (including costs of interest rate caps and costs related to Interest Rate Swaps (or the elimination thereof));
- (f) costs, fees, and expenses in connection with the acquisition of real and personal property or rights therein, including premiums for title insurance;
- (g) costs of furniture, fixtures, and equipment purchased by the Issuer and necessary to construct a Project;

- (h) amounts required to repay temporary loans or Bond Anticipation Notes incurred to finance the costs of a Project;
- (i) cost of site improvements performed by the Issuer in anticipation of a Project;
- (j) moneys necessary to fund the funds created under the Indenture;
- (k) costs of the capitalization with proceeds of a Series of Bonds issued under the Indenture of any Operation and Maintenance Expenses and other working capital appertaining to any facilities to be acquired for a Project and of any interest on a Series of Bonds for any period not exceeding the period estimated by the Issuer to effect the construction of a Project plus one year, as provided in the Indenture, of any discount on bonds or other securities, and of any reserves for the payment of the Principal of and interest on a Series of Bonds, of any replacement expenses and of any other cost of issuance of a Series of Bonds or other securities, Security Instrument Costs and Reserve Instrument Costs;
- (l) costs of amending any indenture or other instrument authorizing the issuance of or otherwise appertaining to a Series of Bonds;
- (m) all other expenses necessary or desirable and appertaining to a Project, as estimated or otherwise ascertained by the Issuer, including costs of contingencies for a Project; and
- (n) payment to the Issuer of such amounts, if any, as shall be necessary to reimburse the Issuer in full for advances and payments theretofore made or costs theretofore incurred by the Issuer for any item of Costs.

In the case of refunding or redeeming any Bonds or other obligations, “Cost” includes, without limiting the generality of the foregoing, advertising and other expenses related to the redemption of such Bonds or other obligations to be redeemed and the redemption price of such bonds or other obligations (and the accrued interest payable on redemption to the extent not otherwise provided for).

“Cross-over Date” means with respect to Cross-over Refunding Bonds the date on which the Principal of the related Cross-over Refunded Bonds is to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds.

“Cross-over Refunded Bonds” means Bonds or other obligations refunded by Cross-over Refunding Bonds.

“Cross-over Refunding Bonds” means Bonds issued for the purpose of refunding Cross-over Refunded Bonds if the proceeds of such Cross-over Refunding Bonds are irrevocably deposited in escrow in satisfaction of the requirements of the Act, to secure the payment on an applicable redemption date or maturity date of the Cross-over Refunded Bonds (subject to possible use to pay Principal of the Cross-over Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are required to be applied to pay interest on the Cross-over Refunding Bonds until the Cross-over Date.

“Current Interest Bonds” means all Bonds other than Capital Appreciation Bonds. Interest on Current Interest Bonds shall be payable periodically on the Interest Payment Dates provided in a Supplemental Indenture.

“Debt Service” means, for any particular Bond Fund Year and for any Series of Bonds and any Repayment Obligations, an amount equal to the sum of (i) all interest payable during such Bond Fund Year on such Series of Bonds plus (ii) the Principal Installments payable during such Bond Fund Year on (a) such Bonds Outstanding, calculated on the assumption that Bonds Outstanding on the day of calculation cease to be Outstanding by reason of, but only by reason of, payment either upon maturity or application of any Sinking Fund Installments required by the Indenture, and (b) such Repayment Obligations then Outstanding; provided, however, for purposes of the Indenture, when calculating interest payable during such Bond Fund Year for:

- (1) any Series of Variable Rate Bonds or Repayment Obligations bearing interest at a variable rate which cannot be ascertained for any particular Bond Fund Year, it shall be assumed that such Series of Variable Rate Bonds or related Repayment Obligations will bear interest at such market rate of interest applicable to such Series of

Variable Rate Bonds or related Repayment Obligations as shall be established for this purpose in the opinion of the Issuer's financial advisor, underwriter or similar agent (which market rate of interest may be based upon a recognized comparable market index, an average of interest rates for prior years or otherwise);

(2) any Series of Variable Rate Bonds which are issued with a floating rate and with respect to which an Interest Rate Swap is in effect in which the Issuer has agreed to pay a fixed interest rate, such Series of Variable Rate Bonds shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Interest Rate Swap; provided that such effective fixed annual rate may be utilized only if such Interest Rate Swap does not result in a reduction or withdrawal of any rating then in effect with respect to the Bonds and so long as such Interest Rate Swap is contracted to remain in full force and effect;

(3) any Series of Bonds which are issued with a fixed interest rate and with respect to which an Interest Rate Swap is in effect in which the Issuer has agreed to pay a floating amount, Debt Service shall include the interest payable on such Series of Bonds, less fixed amounts to be received by the Issuer under such Interest Rate Swap plus the amount of the floating payments (using the market rate in a manner similar to that described in (1) above, unless another method of estimation is more appropriate in the opinion of the Issuer's financial advisor, underwriter or similar agent with the approval of each Rating Agency, for such floating payments) to be made by the Issuer under the Interest Rate Swap; provided that the above described calculation of Debt Service may be utilized only if such Interest Rate Swap does not result in a reduction or withdrawal of any rating then in effect with respect to the Bonds and so long as such Interest Rate Swap is contracted to remain in full force and effect;

(4) any Commercial Paper Program, Debt Service shall include an amount equal to the sum of all Principal and interest payments that would be payable during such Bond Fund Year assuming that the Authorized Amount of such Commercial Paper Program is amortized on a level debt service basis over a period of thirty (30) years beginning on the date of calculation or, if later, the last day of the period during which obligations can be issued under such Commercial Paper Program, and bearing interest at such market rate of interest applicable to such Commercial Paper Program as shall be established for this purpose in the opinion of the Issuer's financial advisor, underwriter or similar agent (which market rate of interest may be based upon a recognized comparable market index, an average of interest rates for prior years or otherwise);

(5) Paired Obligations, the interest rate on such Bonds shall be the resulting linked rate or effective fixed interest rate to be paid by the Issuer with respect to such Paired Obligations; and

(6) Balloon Bonds, it shall be assumed that Principal and interest amortized on a level debt service basis over a twenty (20)-year period at the interest rate as shall be established for this purpose in the opinion of the Issuer's financial advisor, underwriter, or similar agent (which market rate of interest may be based upon a recognized comparable market index, an average of interest rates for prior years or otherwise), provided that the full amount of Balloon Bonds shall be included in the calculation if the calculation is made within twelve (12) months of the actual maturity of such Balloon Bonds and no credit facility exists; and further provided, that there shall be excluded from Debt Service (i) interest on Bonds (including Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest or capitalized interest is available to pay such interest, (ii) Principal on Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are on deposit in an irrevocable escrow in satisfaction of the requirements of the Act and such proceeds or the earnings thereon are required to be applied to pay such Principal (subject to the possible use to pay the Principal of the Cross-over Refunding Bonds under certain circumstances) and such amounts so required to be applied are sufficient to pay such Principal, and (iii) Repayment Obligations to the extent that payments on Pledged Bonds relating to such Repayment Obligations satisfy the Issuer's obligation to pay such Repayment Obligations.

"Debt Service Reserve Fund" means the Midvale City, Utah Revenue Debt Service Reserve Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

"Debt Service Reserve Requirement" means with respect to each Series of Bonds issued pursuant to the Indenture, unless otherwise provided in the related Supplemental Indenture, an amount equal to the least of (i) 10% of the proceeds of such Series of Bonds determined on the basis of original principal amount (unless original issue premium or original issue discount exceeds 2% of original Principal, then determined on the basis of initial purchase price to the public), (ii) the maximum annual Debt Service during any Bond Fund Year for such Series of Bonds, and



(iii) 125% of the average annual Debt Service for such Series of Bonds; provided, however, that in the event any Series of Refunding Bonds is issued to refund only a portion and not all of the then Outstanding Bonds of any other Series issued pursuant to the Indenture (the “Prior Bonds”), then the portion of such Series of Prior Bonds that remain Outstanding immediately after the issuance of such Refunding Bonds and the portion of such Refunding Bonds that is allocable to the refunding of such Series of Prior Bonds may be combined and treated as a single Series for purpose of determining the Debt Service Reserve Requirement relating to such combined Series and the resulting requirement shall be allocated among the two Series pro rata based upon the total principal amount remaining Outstanding for each Series. The Debt Service Reserve Requirement may be funded by a Reserve Instrument as in the Indenture provided or, if provided in the related Supplemental Indenture, may be accumulated over time. Each account of the Debt Service Reserve Fund shall only be used with respect to the related Series of Bonds.

“Direct Obligations” means noncallable Government Obligations.

“Escrowed Interest” means amounts irrevocably deposited in escrow in accordance with the requirements of the Act, in connection with the issuance of Refunding Bonds or Cross-over Refunding Bonds secured by such amounts or earnings on such amounts which are required to be applied to pay interest on such Refunding Bonds, Cross-over Refunding Bonds or the related Cross-over Refunded Bonds.

“Event of Default” means any occurrence or event specified in and defined by the Indenture.

“Fitch” means Fitch Ratings.

“Governing Body” means the legislative body of the Issuer.

“Government Obligations” means solely one or more of the following:

- (a) State and Local Government Series issued by the United States Treasury (“SLGS”);
- (b) United States Treasury bills, notes and bonds, as traded on the open market;
- (c) Zero Coupon United States Treasury Bonds; and
- (d) Any other direct obligations of or obligations unconditionally guaranteed by, the United States of America (including, without limitation, obligations commonly referred to as “REFCORP strips”).

“Indenture” means the General Indenture of Trust as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms of the Indenture.

“Initial Bonds” means the first Series of Bonds issued under the Indenture.

“Interest Payment Date” means the stated payment date of an installment of interest on the Bonds.

“Interest Rate Swap” means an agreement between the Issuer or the Trustee and a Swap Counterparty related to a Series of Bonds whereby a variable rate cash flow (which may be subject to any interest rate cap) on a Principal or notional amount is exchanged for a fixed rate of return on an equal Principal or notional amount. If the Issuer or the Trustee enters into more than one Interest Rate Swap with respect to a Series of Bonds, each Interest Rate Swap shall specify the same payment dates.

“Issuer” means Midvale City, Utah, and its successors.

“Mayor” means the duly elected mayor of the Issuer or any successor to the duties of such office. Such term shall also include the deputy mayor except as the deputy mayor’s powers may be limited by written declaration of the duly elected mayor.

“Moody’s” means Moody’s Investors Service, Inc.

“Net Revenues” means the Revenues after provision has been made for the payment therefrom of Operation and Maintenance Expenses.

“Other Available Moneys” means for any Year the amount designated by the Issuer for transfer from the Rate Stabilization Fund to the Revenue Fund, provided that such amount shall not exceed 25% of the Aggregate Annual Debt Service Requirement for such Year.

“Operation and Maintenance Expenses” means all expenses reasonably incurred in connection with the operation and maintenance of the System, whether incurred by the Issuer or paid to any other entity pursuant to contract or otherwise, necessary to keep the System in efficient operating condition, including cost of audits required under the Indenture, payment of promotional and marketing expenses and real estate brokerage fees, payment of premiums for the insurance required in the Indenture, Administrative Costs, and, generally all expenses, exclusive of depreciation (including depreciation related expenses of any joint venture) and, any in-lieu of tax transfers to Issuer funds and interest expense for interfund loans from Issuer funds, which under generally accepted accounting practices are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the System shall be included.

“Outstanding” or “Bonds Outstanding” means at any date all Bonds which have not been canceled which have been or are being authenticated and delivered by the Trustee under the Indenture, except:

(a) Any Bond or portion thereof which at the time has been paid or deemed paid pursuant to the Indenture; and

(b) Any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered under the Indenture, unless proof satisfactory to the Trustee is presented that such Bond is held by a bona fide holder in due course.

“Paired Obligations” means any Series (or portion thereof) of Bonds designated as Paired Obligations in the Supplemental Indenture authorizing the issuance or incurrence thereof, which are simultaneously issued or incurred (i) the Principal of which is of equal amount maturing and to be redeemed (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (ii) the interest rates of which, when taken together, result in an irrevocably fixed interest rate obligation of the Issuer for the terms of such Bonds.

“Paying Agent” means the Trustee, appointed as the initial paying agent for the Bonds pursuant to the Indenture, and any additional or successor paying agent appointed pursuant hereto.

“Pledged Bonds” means any Bonds that have been (i) pledged or in which any interest has otherwise been granted to a Security Instrument Issuer as collateral security for Security Instrument Repayment Obligations or (ii) purchased and held by a Security Instrument Issuer pursuant to a Security Instrument.

“Principal” means (i) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest), except as used in connection with the authorization and issuance of Bonds and with the order of priority of payment of Bonds after an Event of Default, in which case “Principal” means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest), and (ii) with respect to any Current Interest Bond, the Principal of such Bond payable at maturity.

“Principal Installment” means, as of any date of calculation, (i) with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (a) the Principal of the Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance of any Sinking Fund Installment due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to such unsatisfied balance of such Sinking Fund Installment and (ii) with respect to any Repayment Obligations, the principal amount of such Repayment Obligations due on a certain future date.

“Project” means the acquisition, construction, expansion, and/or renovation of the System, including the acquisition of improvements and equipment (with an expected life beyond a current fiscal year) for use in the System.

“Put Bond” means any Bond which is part of a Series of Bonds which is subject to purchase by the Issuer, its agent or a third party from the Owner of the Bond pursuant to provisions of the Supplemental Indenture authorizing the issuance of the Bond and designating it as a “Put Bond.”

“Qualified Engineer” means any registered or licensed engineer or architect or engineer or firm of such engineers or architects and engineers generally recognized to be qualified in engineering or architectural matters relating to construction and maintenance of municipal water and sewer systems, appointed and paid by the Issuer, who shall not have any substantial interest, direct or indirect (other than employment), with the Issuer, but who may be regularly retained to make annual or other periodic reports of the Issuer. “Qualified Engineer” may include any registered or licensed engineer or architect employed by the Issuer.

“Qualified Investments” means any of the following securities:

- (a) Government Obligations;
- (b) Obligations of any of the following federal agencies which obligations represent full faith and credit obligations of the United States of America including: the Export-Import Bank of the United States; the Government National Mortgage Association; the Federal Financing Bank; the Farmer’s Home Administration; the Federal Housing Administration; the Maritime Administration; General Services Administration, Small Business Administration; or the Department of Housing and Urban Development (PHA’s);
- (c) Money market funds rated “AAAm” or “AAAm-G” or better by S & P and/or the equivalent rating or better of Moody’s (if so rated), including money market funds from which the Trustee or its affiliates derive a fee for investment advisory services to the fund;
- (d) Commercial paper which is rated at the time of purchase in the single highest classification, P-1 by Moody’s or A-1+ by S & P, and which matures not more than two hundred seventy (270) days after the date of purchase;
- (e) Bonds, notes or other evidences of indebtedness rated “AAA” by S & P and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three (3) years;
- (f) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks, including the Trustee and its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S & P and “P-1” by Moody’s and maturing no more than three hundred sixty (360) days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);
- (g) The fund held by the Treasurer for the State of Utah and commonly known as the Utah State Public Treasurer’s Investment Fund; and
- (h) Any other investments or securities permitted for investment of public moneys under the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code, including investments contracts permitted by Section 51-7-17(2)(d) thereof.

“Rate Stabilization Fund” means the Midvale City, Utah Water and Sewer Revenue Rate Stabilization Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

“Rating Agency” means Fitch, Moody’s or S&P and their successors and assigns, but only to the extent such rating agency is then providing a rating on a Series of Bonds issued under the Indenture at the request of the Issuer.

If any such rating agency ceases to act as a securities rating agency, the Issuer may designate any nationally recognized securities rating agency as a replacement.

“Rating Category” or “Rating Categories” mean one or more of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category or categories by a numerical modifier or otherwise.

“Rebatable Arbitrage” means with respect to any Series of Bonds where the interest thereon is intended to be excludable from gross income for federal income tax purposes, the amount (determinable as of each Rebate Calculation Date) of rebatable arbitrage payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Regulations.

“Rebate Calculation Date” means, with respect to any Series of Bonds where the interest thereon is intended to be excludable from gross income for federal income tax purposes, the Interest Payment Date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last Bond for such Series.

“Rebate Fund” means the Midvale City, Utah Water and Sewer Revenue Rebate Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

“Refunding Bonds” means the Bonds issued pursuant to the Indenture.

“Register” means the record of ownership of the Bonds maintained by the Registrar.

“Registrar” means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the registrar for the Bonds pursuant to the Indenture, and any additional or successor registrar appointed pursuant hereto.

“Regular Record Date” means unless otherwise provided by Supplemental Indenture for a Series of Bonds, the fifteenth day immediately preceding each Interest Payment Date.

“Regulations” and all references thereto shall mean and include applicable final, proposed, and temporary United States Treasury Regulations promulgated with respect to Sections 103 and 141 through 150 of the Code, including all amendments thereto made hereafter.

“Remarketing Agent” means a remarketing agent or commercial paper dealer appointed by the Issuer pursuant to a Supplemental Indenture.

“Repair and Replacement Fund” means the Midvale City, Utah Water and Sewer Revenue Repair and Replacement Fund created in the Indenture to be held by the Issuer and administered pursuant to the Indenture.

“Repair and Replacement Reserve Requirement” means the amount or amounts from time to time required under each Supplemental Indenture to be on deposit in the Repair and Replacement Fund.

“Repayment Obligations” means, collectively, all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations.

“Reserve Instrument” means a device or instrument issued by a Reserve Instrument Provider to satisfy all or any portion of the Debt Service Reserve Requirement applicable to a Series of Bonds. The term “Reserve Instrument” includes, by way of example and not of limitation, letters of credit, bond insurance policies, surety bonds, standby bond purchase agreements, lines of credit, and other devices.

“Reserve Instrument Agreement” means any agreement entered into by the Issuer and a Reserve Instrument Provider pursuant to a Supplemental Indenture (including the applicable portions of a Supplemental Indenture) and providing for the issuance by such Reserve Instrument Provider of a Reserve Instrument.

“Reserve Instrument Costs” means all fees, premiums, expenses, and similar costs, other than Reserve Instrument Repayment Obligations, required to be paid to a Reserve Instrument Provider pursuant to a Reserve Instrument Agreement. Each Reserve Instrument Agreement shall specify the fees, premiums, expenses, and costs constituting Reserve Instrument Costs.

“Reserve Instrument Coverage” means, as of any date of calculation, the aggregate amount available to be paid to the Trustee under all Reserve Instruments.

“Reserve Instrument Fund” means the Midvale City, Utah Water and Sewer Revenue Reserve Instrument Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

“Reserve Instrument Limit” means, as of any date of calculation and with respect to any Reserve Instrument, the maximum aggregate amount available to be paid under such Reserve Instrument into the Debt Service Reserve Fund assuming for purposes of such calculation that the amount initially available under each Reserve Instrument has not been reduced or that the amount initially available under each Reserve Instrument has only been reduced as a result of the payment of Principal of the applicable Series of Bonds.

“Reserve Instrument Provider” means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company, surety company, or other institution issuing a Reserve Instrument.

“Reserve Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Reserve Instrument Agreement, those outstanding amounts payable by the Issuer under such Reserve Instrument Agreement to repay the Reserve Instrument Provider for payments previously made by it pursuant to a Reserve Instrument. There shall not be included in the calculation of Reserve Instrument Repayment Obligations any Reserve Instrument Costs.

“Revenue Fund” means the Midvale City, Utah Water and Sewer Revenue Fund created in the Indenture to be held by the Issuer and administered pursuant to the Indenture.

“Revenues” means all revenues, fees (including impact fees to the extent such impact fees can legally be used for the purposes financed under the Indenture), income, rents and receipts received or earned by the Issuer from or attributable to the ownership and operation of the System (including proceeds of business interruption insurance), together with all interest earned by and profits derived from the sale of investments in the related funds thereof.

“S & P” means Standard & Poor’s Rating Services.

“Security Instrument” means an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term “Security Instrument” includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices (but does not include a Reserve Instrument); provided, however, that no such device or instrument shall be a “Security Instrument” for purposes of the Indenture unless specifically so designated in a Supplemental Indenture authorizing the use of such device or instrument.

“Security Instrument Agreement” means any agreement entered into by the Issuer and a Security Instrument Issuer pursuant to a Supplemental Indenture (including the applicable portions of a Supplemental Indenture) providing for the issuance by such Security Instrument Issuer of a Security Instrument.

“Security Instrument Costs” means, with respect to any Security Instrument, all fees, premiums, expenses and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument Issuer pursuant to a Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument. Such Security Instrument Agreement or Supplemental Indenture shall specify any fees, premiums, expenses, and costs constituting Security Instrument Costs.

“Security Instrument Issuer” means any bank or other financial institution, insurance company, surety company, or other institution issuing a Security Instrument.

“Security Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Security Instrument Agreement, any outstanding amounts payable by the Issuer under the Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument to repay the Security Instrument Issuer for payments previously or concurrently made by the Security Instrument Issuer pursuant to a Security Instrument. There shall not be included in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs.

“Series” means all of the Bonds identified pursuant to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor.

“Sinking Fund Account” means the Midvale City, Utah Water and Sewer Revenue Sinking Fund Account of the Bond Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

“Sinking Fund Installment” means the amount of money which is required to be deposited into the Sinking Fund Account in each Bond Fund Year for the retirement of Term Bonds as specified in the Supplemental Indenture authorizing said Term Bonds (whether at maturity or by redemption), and including the redemption premium, if any.

“Special Record Date” means such date as may be fixed for the payment of defaulted interest on the Bonds in accordance with the Indenture.

“State” means the State of Utah.

“Supplemental Indenture” means any indenture between the Issuer and the Trustee entered into pursuant to and in compliance with the provisions of the Indenture.

“Swap Counterparty” means a member of the International Swap Dealers Association rated in one of the three top Rating Categories by at least one of the Rating Agencies and meeting the requirements of applicable laws of the State.

“Swap Payments” means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the Swap Counterparty by the Issuer. Swap Payments do not include any Termination Payments.

“Swap Receipts” means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable for the account of the Issuer by the Swap Counterparty. Swap Receipts do not include amounts received with respect to the early termination or modification of an Interest Rate Swap.

“System” means the Issuer’s Water, Sewer, and Storm Water, collectively, (i) the Issuer’s water facilities, including both culinary and irrigation facilities; (ii) the Issuer’s sewer facilities; and (iii) the Issuer’s storm water facilities, together with any additions, repairs, renewals, replacements, expansions, extensions and improvements to said System, or any part thereof, hereafter acquired or constructed, and together with all lands, easements, interests in land, licenses and rights of way of the Issuer and all other works, property, structures, equipment of the Issuer and contract rights and other tangible and intangible assets of the Issuer now or hereafter owned or used in connection with, or related to said System.

“Term Bonds” means the Bonds which shall be subject to retirement by operation of mandatory sinking fund redemptions from the Sinking Fund Account.

“Termination Payments” means the amount payable to the Swap Counterparty by the Issuer with respect to the early termination or modification of an Interest Rate Swap. Termination Payments may only be payable from and secured by Revenues after payment of all amounts then due pursuant to the Indenture.

“Trustee” means Zions First National Bank, Salt Lake City, Utah, 84111 or any successor corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

“Utah Code” means Utah Code Annotated 1953, as amended.

“Variable Rate Bonds” means, as of any date of calculation, Bonds, the interest on which for any future period of time, is to be calculated at a rate which is not susceptible to a precise determination.

“Year” means any twelve-consecutive-month period.

### **Indenture to Constitute Contract**

In consideration of the purchase and acceptance from time to time of any and all of the Bonds authorized to be issued under the Indenture by the Registered Owners thereof, the issuance from time to time of any and all Security Instruments by Security Instrument Issuers, and the issuance from time to time of any and all Reserve Instruments by Reserve Instrument Providers pursuant hereto, the Indenture shall be deemed to be and shall constitute a contract between the Issuer and the Owners from time to time of the Bonds, the Security Instrument Issuers and the Reserve Instrument Providers; and the pledge made in the Indenture and the covenants and agreements set forth in the Indenture to be performed by or on behalf of the Issuer shall be, FIRST, for the equal benefit, protection, and security of the Owners of any and all of the Bonds and the Security Instrument Issuers of any and all of the Security Instruments all of which, regardless of the time or times of their issuance, delivery, maturity or expiration, shall be of equal rank without preference, priority, or distinction of any of the Bonds or Security Instrument Repayment Obligations over any others, except as expressly provided in or permitted by the Indenture, and SECOND, for the equal benefit, protection and security of the Reserve Instrument Providers of any and all of the Reserve Instruments which, regardless of the time or times of their issuance, delivery or termination, shall be of equal rank without preference, priority, or distinction of any Reserve Instrument over any other thereof.

### **The Bonds**

Limited Obligations. The Bonds, together with interest thereon, and all Repayment Obligations shall be limited obligations of the Issuer payable solely from the Net Revenues (except to the extent paid out of moneys attributable to the Bond proceeds or other funds created under the Indenture and held by the Trustee (except the Rebate Fund) or the income from the temporary investment thereof). The Bonds shall be a valid claim of the Registered Owners thereof only against the Net Revenues and other moneys in funds and accounts held by the Trustee under the Indenture (except the Rebate Fund) and the Issuer by the Indenture pledges and assigns the same for the equal and ratable payment of the Bonds and all Repayment Obligations, and the Net Revenues shall be used for no other purpose than to pay the Principal of, premium, if any, and interest on the Bonds and to pay the Repayment Obligations, except as may be otherwise expressly authorized in the Indenture or by Supplemental Indenture. The issuance of the Bonds and delivery of any Security Instrument Agreement or Reserve Instrument Agreement shall not, directly, indirectly or contingently, obligate the Issuer or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

Special Provisions for the Issuance of Construction Bonds. One or more Series of Additional Bonds may be authenticated and delivered upon original issuance from time to time in such principal amount for each such Series as may be determined by the Issuer for the purpose of paying or providing for the payment of all or a portion of (1) the Cost of Construction of a Project, (2) principal and redemption price of and interest on Bond Anticipation Notes, or (3) any combination of (1) and (2). Each such Series shall be in such principal amount which, when taken together with moneys previously used, moneys then legally available, or moneys to be obtained in the future for such Project, will provide the Issuer with sufficient funds to pay the estimated Cost of Construction of such Project, as shall be set forth in the written certificate of the Issuer furnished pursuant to the Indenture.

(a) Each Supplemental Indenture authorizing the issuance of a Series of Construction Bonds:

(i) Shall specify the Project for which the proceeds of such Series of Bonds will be applied;  
and

(ii) May require the Issuer to deposit a specified amount of money from the proceeds of the sale of such Series of Bonds or from other legally available sources into the applicable account within the Acquisition/Construction Fund sufficient to pay when due all or a portion of the interest on such Series of

Bonds accrued and to accrue to the estimated completion date of the Project as set forth in the written certificate of the Issuer delivered pursuant to the Indenture, plus interest to accrue on such Series of Bonds after the estimated completion date for up to one Year (or such different period as may then be permitted by law).

(b) Each Series of Construction Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by the Indenture) of a written certificate of the Issuer, dated as of the date of such delivery, that contains the following:

(i) The then estimated completion date and estimated Cost of Construction of the Project being financed by such Series of Bonds;

(ii) A statement that, upon the authentication and delivery of the Bonds of such Series, no Event of Default has occurred and is then continuing under the Indenture and no event has or will have occurred which, with the passage of time or the giving of notice, or both, would give rise to an Event of Default under the Indenture;

(iii) (A) the estimated Net Revenues (plus any Other Available Moneys) of the Issuer for the then-current Bond Fund Year and each of the three succeeding Bond Fund Years, (B) the maximum Aggregate Annual Debt Service Requirement including total Repayment Obligations with respect to all Series of Bonds to be Outstanding after the issuance of the proposed Series of Construction Bonds for each of these Bond Fund Years, and (C) a statement that such estimated Net Revenues (plus any Other Available Moneys) are not less than 125% of the maximum Aggregate Annual Debt Service Requirement on all Bonds to be Outstanding for all Bond Fund Years beginning the Second Bond Fund Year after the Bond Fund Year in which the Construction Bonds are issued.<sup>1</sup>

(iv) For purposes of this subsection (b), “estimated Net Revenues” shall be determined by a Qualified Engineer as follows: <sup>1</sup>

(A) The total Net Revenues of the System for the most recent Bond Fund Year immediately preceding the authentication and delivery of the Construction Bonds in which such information is available to the Issuer shall be first be determined. For purposes of these calculations, Revenues may be adjusted to give full effect to rate increases implemented prior to the issuance of the Construction Bonds.

(B) Next, the additional Net Revenues, if any, resulting from the Improvements financed with the proceeds of the Construction Bonds will be estimated by a Qualified Engineer for the applicable Bond Fund Years.

(C) The Estimated Net Revenues will be the sum of the Net Revenues as calculated in (A) above, plus 80% of the estimated additional Net Revenues as calculated in (B) above.

(c) Notwithstanding any other provision of the Indenture, the provisions of paragraph (b)(iii) above shall not apply:

(i) to any Series of Construction Bonds, all of the proceeds of which are to be applied to pay the Cost of Construction of a Project necessary, as expressed in an Engineer’s Certificate delivered to the Trustee, to keep the System or any component thereof in good operating condition or to prevent a loss of Revenues, or to comply with requirements of any governmental agency having jurisdiction over the Issuer or the System; or

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<sup>1</sup> As amended by the Second Supplemental Indenture of Trust, dated as of October 1, 2007.



(ii) to any Series of Bonds issued to pay the Cost of Construction necessary to complete any Project for which Bonds have previously been issued, provided that the Trustee shall have received:

(A) An engineer's certificate to the effect that (i) the nature and purpose of such Project has not materially changed since the initial written certificate of the Issuer was filed pursuant to the Indenture, and (ii) the then estimated Costs of Construction of the Project as contained in the written certificate of the Issuer delivered pursuant to the Indenture exceeds the sum of the Costs of Construction already paid plus moneys available in the Acquisition/Construction Fund established for the Project (including unspent proceeds of Bonds previously issued for such purpose) plus other legally available moneys in the Revenue Fund; and

(B) A written certificate of the Issuer to the effect that (i) all of the proceeds (including investment earnings) of Construction Bonds (or Bond Anticipation Notes) previously issued to finance such Project have been or will be used to pay Costs of Construction of the Project; (ii) the issuance of such Series of Bonds is necessary to provide funds to pay Costs of Construction necessary for the Project; and (iii) the principal amount of such Series of Bonds does not exceed twenty-five percent of the principal amount of all Construction Bonds previously issued to finance such Project.

(d) The proceeds, including accrued interest, of each Series of Construction Bonds shall be deposited simultaneously with the delivery of such Bonds in the Acquisition/Construction Fund and, to the extent permitted by law and the provisions of the Indenture, in any other funds or such other funds or accounts as may be established by the Supplemental Indenture, in such amounts, if any, as may be provided in the Supplemental Indenture authorizing the issuance of such Series of Construction Bonds.

(e) There may also be deposited from any legally available source, to the extent permitted by law and the provisions of the Supplemental Indenture, in the funds or such other funds or accounts as may be established by the Supplemental Indenture, such amounts, if any, as may be provided in the Supplemental Indenture authorizing the issuance of such Series of Construction Bonds.

Special Provisions for the Issuance of Refunding Bonds. (a) One or more Series of Refunding Bonds may be issued in such principal amount which, when taken together with other legally available moneys, will provide the Issuer with moneys sufficient to accomplish the refunding of all or a part of the Outstanding Bonds of one or more Series, including in each case the payment of all expenses in connection with such refunding.

(b) Each Supplemental Indenture authorizing the issuance of a Series of Refunding Bonds shall specify the Bonds to be refunded.

(c) Each Series of Refunding Bonds (other than Cross-over Refunding Bonds) shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by the Indenture) of the following documents or moneys or securities, all of such documents dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(i) A written certificate of the Issuer certifying: (A) that the issuance of such Series of Refunding Bonds complies with the requirements of the Indenture, and (B) that (1) the estimated Net Revenues (plus any Other Available Moneys) of the Issuer for the then-current Bond Fund Year and each of the three succeeding Bond Fund Years, (2) the Aggregate Debt Service and the total Repayment Obligations with respect to all Series of Bonds to be Outstanding after the issuance of the proposed Series of Refunding Bonds for each of these Bond Fund Years, and (3) such estimated Net Revenues (plus any Other Available Moneys) are not less than 125% of the sum of the Aggregate Annual Debt Service Requirement on all Bonds Outstanding for said Year; provided, however, that such Revenue coverage test set forth above shall not apply to Refunding Bonds issued for the purpose of refunding Bonds originally issued under the Indenture, to the extent that (i) the Average Aggregate Annual Debt Service Requirement for such Refunding Bonds does not exceed the then remaining Average Aggregate Annual Debt Service Requirement for the Bonds being refunded therewith and (ii) the maximum Aggregate Annual Debt Service Requirement for such Refunding

Bonds is less than or equal to the maximum Aggregate Annual Debt Service Requirement for the Bonds being refunded therewith;

(ii) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of any redemption of the Bonds to be refunded on the redemption date or dates specified in such instructions;

(iii) If, within the next succeeding 90 days, the Bonds to be refunded do not mature, are not redeemable or are not to be redeemed, irrevocable instructions to the Trustee satisfactory to it, to mail the notice required by Article IX to the Owners of the Bonds being refunded; and

(iv) Either (A) moneys in an amount sufficient to effect payment of the principal or the applicable redemption price of the Bonds to be refunded, together with accrued interest to the maturity or redemption date, as the case may be, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for the Bonds to be refunded, or (B) Government Obligations in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of Article IX, which Government Obligations and moneys shall be held in trust and used only as provided in such Article.

(d) Each Series of Cross-over Refunding Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by the Indenture) of the following documents or moneys or securities, all of such documents dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(i) a written certificate of the Issuer stating that the issuance of such Series of Cross-over Refunding Bonds complies with the requirements of the Indenture;

(ii) instructions to the Trustee, satisfactory to it, to give due notice of any redemption of the Cross-over Refunded Bonds on the Cross-over Date or on such other redemption date or dates, and subject to such conditions, as shall be specified in such instructions;

(iii) if the Cross-over Refunded Bonds are not by their terms subject to redemption within the 90 days next succeeding the Cross-over Date, instructions to the Trustee, satisfactory to it, to mail the notice provided for in Article IX to the Owners of the Cross-over Refunded Bonds on such date or dates as shall be specified in such instructions;

(iv) either (A) moneys in an amount sufficient to effect payment of the interest on the Cross-over Refunding Bonds to the Cross-over Date and the principal or the applicable redemption price of the Cross-over Refunded Bonds on the Cross-over Date (or other redemption date of the Cross-over Refunded Bonds), which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate trust account, or (B) Qualified Investments in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of the Supplemental Indenture authorizing the issuance of the Cross-over Refunding Bonds; and

(v) there shall be filed with the Trustee a written certificate of an independent public accountant demonstrating the sufficiency of the moneys and investments in the escrow to pay the interest on the Cross-over Refunding Bonds to the Cross-over Date and the principal or redemption price, as applicable, of the Cross-over Refunded Bonds on the Cross-over Date (or other redemption date of the Cross-over Refunded Bonds).

Any Supplemental Indenture providing for the issuance of Cross-over Refunding Bonds may establish conditions to the occurrence of the Cross-over Date and provide that the Cross-over Date will not occur if such conditions are not satisfied, in which case the Cross-over Refunding Bonds will be redeemed on the Cross-over Date from the proceeds thereof, escrowed interest and other moneys available therefor. Each such Supplemental Indenture shall, in addition to all other requirements of the Indenture, provide that (i) until the occurrence of the Cross-over Date

none of the principal or redemption price of and interest on the Cross-over Refunding Bonds shall be payable from or secured by the pledge of the Indenture, but shall be payable from the proceeds of the Cross-over Refunding Bonds, escrowed interest, and such other sources as may be provided in such Supplemental Indenture; and (ii) upon the occurrence of the Cross-over Date, the Cross-over Refunding Bonds shall be secured by the lien of the Indenture on a parity with all other Series of Bonds Outstanding.

- (e) A Series of Refunding Bonds may be combined with a Series of Construction Bonds.

Conditions for Issuance of Bond Anticipation Notes. (a) One or more Series of Bond Anticipation Notes may be authenticated and delivered upon original issuance from time to time in such principal amount for each such Series as may be determined by the Issuer for the purpose of paying or providing for the payment of all or a portion of the Cost of Construction of any Project, or the refunding of Bond Anticipation Notes, or a combination of such purposes.

(b) (i) Each Supplemental Indenture authorizing the issuance of a Series of Bond Anticipation Notes (A) shall specify the Project to which the proceeds of such Series of Bond Anticipation Notes will be applied; and (B) may provide for the deposit of a specified amount of money from the proceeds of the sale of such Series of Bond Anticipation Notes into an account in the Acquisition/Construction Fund to pay when due all or a portion of the interest on such Series of Bond Anticipation Notes accrued and to accrue to the estimated completion date set forth in the written certificate of the Issuer delivered with respect to such Series of Bond Anticipation Notes pursuant to the Indenture, plus interest to accrue on such Series of Bond Anticipation Notes after the estimated completion date for up to one Year (or such different period as may then be permitted by law).

(ii) The payment of the interest on Bond Anticipation Notes shall be on a parity with the lien and charge created in the Indenture for the payment of the Bonds. The payment of the Principal on Bond Anticipation Notes shall be payable solely from the proceeds of Bonds or amounts on deposit in a fund which is subordinate to the Bond Fund, and the Supplemental Indenture pursuant to which any Series of Bond Anticipation Notes is issued shall so provide. Each Bond Anticipation Note shall state on its face that the payment of Principal thereof is so subordinated.

(iii) No Bond Anticipation Note shall mature later than five years from its date, including all refundings thereof by Bond Anticipation Notes (whether such refundings occur by reason of exchanges of Bond Anticipation Notes or by reason of payment of such Bond Anticipation Notes from refunding Bond Anticipation Notes, or otherwise).

(c) Each Series of Bond Anticipation Notes shall be authorized and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by the Indenture) a written certificate of the Issuer, dated as of the date of such delivery, that contains the following:

(i) The then estimated completion date and estimated Cost of Construction of the Project being financed by such Series of Bond Anticipation Notes;

(ii) A statement that, upon the authentication and delivery of the Bond Anticipation Notes of such Series, no Event of Default has occurred and is then continuing under the Indenture and no event has or will have occurred which, with the passage of time or the giving of notice, or both, would give rise to an Event of Default under the Indenture; and

(iii) A statement that the issuance of such Series of Bond Anticipation Notes complies with the requirements of the Indenture.

Covenant against Creating or Permitting Liens. Except for the pledge of Net Revenues to secure payment of the Bonds and Repayment Obligations under the Indenture, the Net Revenues are and shall be free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto; provided, however, that nothing contained in the Indenture shall prevent the Issuer from issuing, if and to the extent permitted by law, indebtedness having a lien on Net Revenues subordinate to that of the Bonds and Repayment Obligations.

## **Special Funds and Accounts**

### Use of Acquisition/Construction Fund.

(a) So long as no Event of Default shall have occurred and be continuing and except as otherwise provided by Supplemental Indenture, moneys deposited in the appropriate account in the Acquisition/Construction Fund shall be disbursed by the Trustee to pay the Costs of a Project, in each case within three Business Days (or within such longer period as is reasonably required to liquidate investments in the Acquisition/Construction Fund if required to make such payment) after the receipt by the Trustee of a written requisition approved by an Authorized Representative of the Issuer in substantially the form attached to the Indenture, stating that the Trustee shall disburse sums in the manner specified by and at the direction of the Issuer to the person or entity designated in such written requisition, and that the amount set forth therein is due and owing and constitutes a Cost of a Project based upon itemized claims substantiated in support thereof.

(b) Upon receipt of such requisition, the Trustee shall pay the obligation set forth in such requisition out of moneys in the applicable account in the Acquisition/Construction Fund. In making such payments the Trustee may rely upon the information submitted in such requisition. Such payments shall be presumed to be made properly and the Trustee shall not be required to verify the application of any payments from the Acquisition/Construction Fund or to inquire into the purposes for which disbursements are being made from the Acquisition/Construction Fund.

(c) The Issuer shall deliver to the Trustee, within ninety (90) days after the completion of a Project, a certificate executed by an Authorized Representative of the Issuer stating:

(i) that such Project has been fully completed in accordance with the plans and specifications therefor, as amended from time to time, and stating the date of completion for such Project; and

(ii) that the Project has been fully paid for and no claim or claims exist against the Issuer or against such Project out of which a lien based on furnishing labor or material exists or might ripen; provided, however, there may be excepted from the foregoing certification any claim or claims out of which a lien exists or might ripen in the event the Issuer intends to contest such claim or claims, in which event such claim or claims shall be described to the Trustee.

(d) In the event the certificate filed with the Trustee pursuant to the Indenture shall state that there is a claim or claims in controversy which create or might ripen into a lien, an Authorized Representative of the Issuer shall file a similar certificate with the Trustee when and as such claim or claims shall have been fully paid or otherwise discharged.

(e) The Trustee and the Issuer shall keep and maintain adequate records pertaining to each account within the Acquisition/Construction Fund and all disbursements therefrom.

(f) Unless otherwise specified in a Supplemental Indenture, upon completion of a Project and payment of all costs and expenses incident thereto and the filing with the Trustee of documents required by the Indenture, any balance remaining in the applicable account in the Acquisition/Construction Fund relating to such Project shall, as directed by an Authorized Representative of the Issuer, be deposited in the Bond Fund, to redeem the Series of Bonds issued to finance such Project or to be used for such other purpose or purposes as approved by bond counsel.

(g) The Trustee may, to the extent there are no other monies held under the Indenture, use any moneys in the Acquisition/Construction Fund to pay Principal and interest on the Bonds at any time upon the occurrence of an Event of Default.

## **Application of Revenues**

(a) Unless otherwise provided in the Indenture, all Revenues shall be deposited in the Revenue Fund and shall be accounted for by the Issuer separate and apart from all other moneys of the Issuer.

(b) As a first charge and lien on the Revenues, the Issuer shall cause to be paid from the Revenue Fund from time to time as the Issuer shall determine, all Operation and Maintenance Expenses of the System as the same become due and payable, and thereupon such expenses shall be promptly paid.

(c) So long as any Bonds are Outstanding, as a second charge and lien on the Revenues after payment of Operation and Maintenance Expenses, i.e., from the Net Revenues, the Issuer shall, at least fifteen (15) days before each Interest Payment Date, transfer from the Revenue Fund to the Trustee for and deposit into the Bond Fund an amount equal to:

(i) the interest falling due on the Bonds on the next succeeding Interest Payment Date established for the Bonds (provided, however, that so long as there are moneys representing capitalized interest on deposit with the Trustee to pay interest on the Bonds next coming due, the Issuer need not transfer moneys to the Trustee to pay interest on the Bonds); plus

(ii) the Principal and premium, if any, falling due on the next succeeding Interest Payment Date established for the Bonds; plus

(iii) the Sinking Fund Installment, if any, falling due on the next succeeding Interest Payment Date, the sum of which shall be sufficient, when added to the existing balance in the Bond Fund, to pay the Principal of, premium, if any, and interest on the Bonds promptly on each such Interest Payment Date as the same become due and payable.

(d) As a third charge and lien on the Net Revenues (on a parity basis), the Issuer shall make the following transfers to the Trustee on or before the fifteenth day of each month of each year:

(i) To the extent the Debt Service Reserve Requirement, if any, is not funded with a Reserve Instrument or Instruments, (A) to the account(s) in the Debt Service Reserve Fund any amounts required by the Indenture and by any Supplemental Indenture to accumulate therein the applicable Debt Service Reserve Requirement with respect to each Series of Bonds at the times and in the amounts provided in the Indenture and in any Supplemental Indenture and (B) if moneys shall have been withdrawn from an account in the Debt Service Reserve Fund or any account in the Debt Service Reserve Fund is at any time funded in an amount less than the applicable Debt Service Reserve Requirement, moneys sufficient in amount to restore such account(s) within one Year with twelve (12) substantially equal payments during such period (unless otherwise provided for by the Supplemental Indenture governing the applicable Debt Service Reserve Requirement); or a ratable portion (based on the amount to be transferred pursuant to the Indenture ) of remaining Net Revenues if less than the full amount necessary; and

(ii) Equally and ratably to the account(s) of the Reserve Instrument Fund, with respect to all Reserve Instruments which are in effect, such amount or a ratable portion (based on the amount to be transferred pursuant to paragraph (d)(i) above) if less than the full amount necessary, that is required to be paid, on or before the next such monthly transfer or deposit of Net Revenues into the Reserve Instrument Fund, to the Reserve Instrument Provider pursuant to any Reserve Instrument Agreement, other than Reserve Instrument Costs, to cause the Reserve Instrument Coverage to equal the Reserve Instrument Limit within one Year from any draw date under the Reserve Instrument.

(e) As a fourth charge and lien on the Net Revenues, the Issuer shall deposit in the Repair and Replacement Fund any amount required by the Indenture and by any Supplemental Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding from time to time, the Issuer shall deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Net Revenues of the System after payments required by the Indenture have been made until there is on deposit in the Repair and Replacement Fund an amount equal to the Repair and Replacement Reserve Requirement. This provision is not intended to limit, and shall not limit, the right of the Issuer to deposit additional moneys in the Repair and Replacement Fund from time to time as the Issuer may determine.

(f) The foregoing provisions set forth in the Indenture may be revised by a Supplemental Indenture for any Series of Bonds having other than semiannual Interest Payment Dates.

(g) The Net Revenues remaining after the foregoing deposits and transfers and not required to be used for remedying any deficiencies in payments previously made into the funds established in the Indenture, may be used at any time for any of the following:

- (i) redemption of Bonds;
- (ii) refinancing, refunding, or advance refunding of any Bonds;
- (iii) deposit to the Rate Stabilization Fund; or
- (iv) any other lawful purpose.

Use of Bond Fund.

(a) The Trustee shall make deposits to the Bond Fund, as and when received, as follows:

- (i) accrued interest received upon the issuance of any Series of Bonds;
- (ii) all moneys payable by the Issuer as specified in the Indenture;
- (iii) any amount in the Acquisition/Construction Fund to the extent required by or directed pursuant to the Indenture upon completion of a Project;
- (iv) all moneys transferred from the Debt Service Reserve Fund or from a Reserve Instrument or Instruments then in effect as provided in the Indenture; and
- (v) all other moneys received by the Trustee under the Indenture when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Bond Fund.

(b) Except as provided in the Indenture and as elsewhere provided in the Indenture and except as otherwise provided by Supplemental Indenture, moneys in the Bond Fund shall be expended solely for the following purposes and in the following order of priority:

- (i) on or before each Interest Payment Date for each Series of Bonds, the amount required to pay the interest due on such date;
- (ii) on or before each Interest Payment Date, the amount required to pay the Principal Installment due on such date; and
- (iii) on or before each redemption date for each Series of Bonds, the amount required to pay the redemption price of and accrued interest on such Bonds then to be redeemed.

Such amounts shall be applied by the Paying Agent to pay Principal Installments and redemption price of, and interest on the related Series of Bonds.

The Trustee shall pay out of the Bond Fund to the Security Instrument Issuer, if any, that has issued a Security Instrument with respect to such Series of Bonds an amount equal to any Security Instrument Repayment Obligation then due and payable to such Security Instrument Issuer. Except as otherwise specified in a related Supplemental Indenture all such Security Instrument Repayment Obligations shall be paid on a parity with the payments to be made with respect to Principal and interest on the Bonds; provided that amounts paid under a Security Instrument shall be applied only to pay the related Series of Bonds. If payment is so made on Pledged Bonds held for the benefit of the Security Instrument Issuer, a corresponding payment on the Security Instrument Repayment Obligation shall be

deemed to have been made (without requiring an additional payment by the Issuer) and the Trustee shall keep its records accordingly.

The Issuer by the Indenture authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay Principal of and interest on the Bonds and on Security Instrument Repayment Obligations as the same become due and payable and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said Principal and interest.

(c) After payment in full of the Principal of and interest on (1) all Bonds issued under the Indenture (or after provision has been made for the payment thereof as provided in the Indenture so that such Bonds are no longer Outstanding); (2) all agreements relating to all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations in accordance with their respective terms; and (3) the fees, charges, and expenses of the Trustee, the Paying Agent, and any other amounts required to be paid under the Indenture or under any Supplemental Indenture and under any Security Instrument Agreement and under any Reserve Instrument Agreement; all amounts remaining in the Bond Fund shall be paid to the Issuer.

#### Use of Sinking Fund Account.

(a) The Trustee shall apply moneys in the Sinking Fund Account to the retirement of any Term Bonds required to be retired by operation of the Sinking Fund Account under the provisions of and in accordance with the Supplemental Indenture authorizing the issuance of such Term Bonds, either by redemption in accordance with such Supplemental Indenture or, at the direction of the Issuer, purchase of such Term Bonds in the open market prior to the date on which notice of the redemption of such Term Bonds is given pursuant hereto, at a price not to exceed the redemption price of such Term Bonds (plus accrued interest which will be paid from moneys in the Bond Fund other than those in the Sinking Fund Account).

(b) On the maturity date of any Term Bonds, the Trustee shall apply the moneys on hand in the Sinking Fund Account for the payment of the Principal of such Term Bonds.

Use of Debt Service Reserve Fund. Except as otherwise provided in the Indenture and subject to the immediately following sentence, moneys in each account in the Debt Service Reserve Fund shall at all times be maintained in an amount not less than the applicable Debt Service Reserve Requirement, if any. In calculating the amount on deposit in each account in the Debt Service Reserve Fund, the amount of any Reserve Instrument Coverage will be treated as an amount on deposit in such account in the Debt Service Reserve Fund. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall specify the Debt Service Reserve Requirement, if any, applicable to such Series which amount shall either be (i) deposited immediately upon the issuance and delivery of such Series from (a) proceeds from the sale thereof or from any other legally available source, or (b) by a Reserve Instrument or Instruments, or (c) any combination of (a) and (b) thereof, (i) deposited from available Net Revenues over the period of time specified therein, or (ii) deposited from any combination of (i) and (ii) above; provided however, the foregoing provisions shall be subject to the requirements of any Security Instrument Issuer set forth in any Supplemental Indenture. If at any time the amount on deposit in any account of the Debt Service Reserve Fund is less than the minimum amount to be maintained therein under this section of the Indenture, the Issuer is required, pursuant to the Indenture and the provisions of any Supplemental Indenture, to make payments totaling the amount of any such deficiency directly to the Trustee for deposit into the Debt Service Reserve Fund.

In the event moneys on deposit in an account of the Debt Service Reserve Fund are needed to make up any deficiencies in the Bond Fund as aforementioned, and there is insufficient cash available in such account of the Debt Service Reserve Fund to make up such deficiency and a Reserve Instrument applicable to such Series is in effect, the Trustee shall immediately make a demand for payment on such Reserve Instrument, to the maximum extent authorized by such Reserve Instrument, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof into the Bond Fund. Thereafter, the Issuer shall be obligated to reinstate the Reserve Instrument as provided in the Indenture.

No Reserve Instrument shall be allowed to expire or terminate while the related Series of Bonds is Outstanding unless and until cash has been deposited into the related account of the Debt Service Reserve Fund, or a new Reserve Instrument has been issued in place of the expiring or terminating Reserve Instrument, or any

combination thereof in an amount or to provide coverage, as the case may be, at least equal to the amount required to be maintained in the related account of the Debt Service Reserve Fund.

Moneys at any time on deposit in the account of the Debt Service Reserve Fund in excess of the amount required to be maintained therein (taking into account the amount of related Reserve Instrument Coverage) shall be transferred by the Trustee to the Bond Fund at least once each year.

Moneys on deposit in any account of the Debt Service Reserve Fund shall be used to make up any deficiencies in the Bond Fund only for the Series of Bonds secured by said account and any Reserve Instrument shall only be drawn upon with respect to the Series of Bonds for which such Reserve Instrument was obtained.

The Issuer may, upon obtaining approving opinion of bond counsel to the effect that such transaction will not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds, replace any amounts required to be on deposit in the Debt Service Reserve Fund with a Reserve Instrument.

Use of Reserve Instrument Fund. There shall be paid into the Reserve Instrument Fund the amounts required by the Indenture and by a Supplemental Indenture to be so paid. The amounts in the Reserve Instrument Fund shall, from time to time, be applied by the Trustee on behalf of the Issuer to pay the Reserve Instrument Repayment Obligations which are due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement.

Use of Repair and Replacement Fund. All moneys in the Repair and Replacement Fund may be drawn on and used by the Issuer for the purpose of (a) paying the cost of unusual or extraordinary maintenance or repairs of the System; (b) paying the costs of any renewals, renovation, improvements, expansion or replacements to the System; and (c) paying the cost of any replacement of buildings, lines, equipment and other related facilities, to the extent the same are not paid as part of the ordinary and normal expense of the operation of the System.

Moneys shall be deposited at least semi-annually from available Net Revenues in such amounts as may be required from time to time by each Supplemental Indenture until the Repair and Replacement Fund has an amount equivalent to the Repair and Reserve Replacement Requirement. Any deficiencies below the Repair and Reserve Replacement Requirement shall be made up from Net Revenues of the System available for such purposes. Moneys at any time on deposit in the Repair and Replacement Fund in excess of the amount required to be maintained therein may, at any time, be maintained in the Repair and Replacement Fund or may be used by the Issuer for any lawful purpose.

Use of Rebate Fund.

(a) If it becomes necessary for the Issuer to comply with the rebate requirements of the Code and the Regulations, the Trustee shall establish and thereafter maintain, so long as the Bonds which are subject to said rebate requirements are Outstanding, a Rebate Fund which shall be held separate and apart from all other funds and accounts established under the Indenture and from all other moneys of the Trustee.

(b) All amounts in the Rebate Fund, including income earned from investment of the fund, shall be held by the Trustee free and clear of the lien of the Indenture. In the event the amount on deposit in the Rebate Fund exceeds the aggregate amount of Rebatable Arbitrage for one or more Series of Bonds, as verified in writing by an independent public accountant or other qualified professional at the time the Rebatable Arbitrage is determined, the excess amount remaining after payment of the Rebatable Arbitrage to the United States shall, upon the Issuer's written request accompanied by the determination report, be paid by the Trustee to the Issuer.

(c) The Issuer shall determine the amount of Rebatable Arbitrage with respect to each Series of Bonds on each applicable Rebate Calculation Date and take all other actions necessary to comply with the rebate requirements of the Code and the Regulations. The Issuer shall deposit into the Rebate Fund the Rebatable Arbitrage, if any, with respect to each Series of Bonds (or instruct the Trustee to transfer to the Rebate Fund moneys representing such Rebatable Arbitrage from the funds and accounts held under the Indenture other than the Rebate Fund) or shall otherwise make payment of the Rebatable Arbitrage to be paid to the United States at the times required by the Code



and the Regulations. If applicable, the Issuer shall instruct in writing the Trustee to withdraw from the Rebate Fund and pay any Rebateable Arbitrage over to the United States. The determination of Rebateable Arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Issuer from the Rebate Fund pursuant to the Indenture must be verified in writing by an independent public accountant or other qualified professional. The Trustee may rely conclusively upon and shall be fully protected from all liability in relying upon the Issuer's determinations, calculations and certifications required by the Indenture and the Trustee shall have no responsibility to independently make any calculations or determination or to review the Issuer's determinations, calculations and certifications required by the Indenture.

(d) The Trustee shall, at least sixty (60) days prior to each Rebate Calculation Date, notify the Issuer of the requirements of the Indenture. By agreeing to give this notice, the Trustee assumes no responsibility whatsoever for compliance by the Issuer with the requirements of Section 148 of the Code or any successor. The Issuer expressly agrees that, notwithstanding any other provision of the Indenture, any failure of the Trustee to give any such notice, for any reason whatsoever, shall not cause the Trustee to be responsible for any failure of the Issuer to comply with the requirements of said Section 148 or any successor thereof.

(e) The provisions of this section in the Indenture may be amended or deleted without Bondowner consent or notice, upon receipt by the Issuer and the Trustee of an opinion of nationally recognized bond counsel that such amendment or deletion will not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds.

Use of Rate Stabilization Fund. The Rate Stabilization Fund may be funded by the Issuer from Revenues of the System transferred from the Revenue Fund as provided in the Indenture. The Issuer may, from time to time, designate all or a portion of the amounts on deposit in the Rate Stabilization Fund as Other Available Moneys (as described in the definition thereof). Except for amounts designated as provided in the immediately preceding sentence (for the Bond Fund Year so designated), amounts on deposit in the Rate Stabilization Fund may be used by the Issuer for any lawful purpose and to the extent that amounts on deposit in the Revenue Fund are insufficient in any Bond Fund Year to fund all obligations set forth in Sections 4.2(b), 4.2(c), 4.2(d) and 4.2(e) during that Bond Fund Year, the Issuer covenants to transfer moneys from the Rate Stabilization Fund to the Revenue Fund to cover any such insufficiency.

Investment of Funds. Any moneys in the Bond Fund, the Acquisition/Construction Fund, the Reserve Instrument Fund, the Rebate Fund or the Debt Service Reserve Fund shall, at the discretion and authorization of the Issuer, be invested by the Trustee in Qualified Investments; provided, however, that moneys on deposit in the Bond Fund, the Reserve Instrument Fund and Debt Service Reserve Fund may only be invested in Qualified Investments having a maturity date of one Year or less. If no written authorization is given to the Trustee, moneys shall be held uninvested. Such investments shall be held by the Trustee, and when the Trustee determines it necessary to use the moneys in the funds for the purposes for which the funds were created, it shall liquidate at prevailing market prices as much of the investments as may be necessary and apply the proceeds to such purposes. All income derived from the investment of the Acquisition/Construction Fund, Bond Fund, the Reserve Instrument Fund and Rebate Fund shall be maintained in said respective funds and disbursed along with the other moneys on deposit therein as provided in the Indenture. All income derived from the investment of the Debt Service Reserve Fund shall be disbursed in accordance with the Indenture.

The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with the provisions of the Indenture. The Trustee shall be entitled to assume that any investment, which at the time of purchase is a Qualified Investment, remains a Qualified Investment thereafter, absent receipt of written notice or information to the contrary.

The Trustee may, to the extent permitted by law, make any and all investments permitted by the provisions of the Indenture through its own or any of its affiliate's investment departments.

The Issuer acknowledges that to the extent regulations of the comptroller of the currency or any other regulatory entity grant the Issuer the right to receive brokerage confirmations of the security transactions as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish

the Issuer periodic cash transaction statements which include the detail for all investment transactions made by the Trustee under the Indenture.

The Issuer may invest the amounts on deposit in the Revenue Fund, the Repair and Replacement Fund, and the Rate Stabilization Fund as permitted by applicable law.

In the event the Issuer shall be advised by nationally recognized municipal bond counsel that it is necessary to restrict or limit the yield on the investment of any moneys paid to or held by the Trustee in order to avoid the Bonds, or any Series thereof, being considered arbitrage bonds within the meaning of the Code or the Regulations proposed or promulgated thereunder, or to otherwise preserve the excludability of interest payable or paid on any Bonds from gross income for federal income tax purposes, the Issuer may require in writing the Trustee to take such steps as it may be advised by such counsel are necessary so to restrict or limit the yield on such investment, irrespective of whether the Trustee shares such opinion, and the Trustee agrees that it will take all such steps as the Issuer may require.

**Trust Funds.** All moneys and securities received by the Trustee under the provisions of the Indenture shall be trust funds under the terms of the Indenture and shall not be subject to lien or attachment of any creditor of the State or any political subdivision, body, agency, or instrumentality thereof or of the Issuer and shall not be subject to appropriation by any legislative body or otherwise. Such moneys and securities shall be held in trust and applied in accordance with the provisions of the Indenture. Except as provided otherwise in the Indenture, unless and until disbursed pursuant to the terms of the Indenture, all such moneys and securities (and the income therefrom) shall be held by the Trustee as security for payment of the Principal of, premium, if any, and interest on the Bonds, all Repayment Obligations and the fees and expenses of the Trustee payable under the Indenture.

**Method of Valuation and Frequency of Valuation.** In computing the amount in any fund or account, Qualified Investments shall be valued at market, exclusive of accrued interest. With respect to all funds and accounts, valuation shall occur annually, except in the event of a withdrawal from the Debt Service Reserve Fund, whereupon securities shall be valued immediately after such withdrawal.

## **General Covenants**

**General Covenants.** The Issuer by the Indenture covenants and agrees with each and every Registered Owner of the Bonds issued under the Indenture, Security Instrument Issuer and Reserve Instrument Provider as follows:

(a) While any of the Principal of and interest on the Bonds are outstanding and unpaid, or any Repayment Obligations are outstanding, any resolution or other enactment of the Governing Body of the Issuer, applying the Net Revenues for the payment of the Bonds and the Repayment Obligations shall be irrevocable until the Bonds and/or any Repayment Obligations have been paid in full as to both Principal and interest, and is not subject to amendment in any manner which would impair the rights of the holders of those Bonds or the Repayment Obligations which would in any way jeopardize the timely payment of Principal or interest when due. Furthermore, the rates including connection fees, for all services supplied by the System to the Issuer and to its inhabitants and to all customers within or without the boundaries of the Issuer, shall be sufficient to pay the Operation and Maintenance Expenses for the System, and to provide Net Revenues for each Bond Fund Year of not less than 125% of the Aggregate Annual Debt Service Requirement for such year, plus an amount sufficient to fund the Debt Service Reserve Fund in the time, rate, and manner specified in the Indenture, provided, however, that such rates must be reasonable rates for the type, kind and character of the service rendered. The Issuer agrees that should its annual financial statement made in accordance with the provisions of the Indenture disclose that during the period covered by such financial statement the Net Revenues were not at least equal to the above requirement, the Issuer shall request that a Qualified Engineer make recommendations as to the revision of the rates, charges, and fees and that the Issuer on the basis of such recommendations will revise the schedule of rates, charges and fees insofar as is practicable and further revise Operation and Maintenance Expenses so as to produce the necessary Net Revenues as required in the Indenture.<sup>1</sup>

(b) The Issuer will maintain the System in good condition and operate the same in an efficient manner.

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<sup>1</sup> As amended by the Second Supplemental Indenture of Trust, dated as of October 1, 2007.

(c) Each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider shall have a right, in addition to all other rights afforded it by the laws of the State, to apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require the Issuer to charge or collect reasonable rates for services supplied by the System sufficient to meet all requirements of the Indenture and of any applicable Security Instrument Agreement and Reserve Instrument Agreement.

(d) So long as any Principal and interest payments of the Bonds are Outstanding, or any Repayment Obligations are outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider, or any duly authorized agent or agents thereof, shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the System. Except as otherwise provided in the Indenture, the Issuer further agrees that it will within one hundred eighty (180) days following the close of each Bond Fund Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the Net Revenues and the System, and that such audit will be available for inspection by each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider.

(e) There shall be no free water or sewer service, and such rates shall be charged against all users of the System, including the Issuer.

All expenses incurred in compiling the information required by the above section shall be regarded and paid as an Operation and Maintenance Expense.

First Lien Bonds; Equality of Liens. The Bonds and any Security Instrument Repayment Obligations constitute an irrevocable first lien upon the Net Revenues. The Issuer covenants that the Bonds and Security Instrument Repayment Obligations hereafter authorized to be issued and from time to time outstanding are equitably and ratably secured by a first lien on the Net Revenues and shall not be entitled to any priority one over the other in the application of the Net Revenues regardless of the time or times of the issuance of the Bonds or delivery of Security Instruments, it being the intention of the Issuer that there shall be no priority among the Bonds or the Security Instrument Repayment Obligations regardless of the fact that they may be actually issued and/or delivered at different times.

Any assignment or pledge from the Issuer to a Reserve Instrument Provider of (i) proceeds of the issuance and sale of Bonds, (ii) Net Revenues, or (iii) funds established by the Indenture, including investments, if any, thereof, is and shall be subordinate to the assignment and pledge effected by the Indenture to the Registered Owners of the Bonds and to the Security Instrument Issuers.

Payment of Principal and Interest. The Issuer covenants that it will punctually pay or cause to be paid the Principal of and interest on every Bond issued under the Indenture, any Security Instrument Repayment Obligations and any Reserve Instrument Repayment Obligations, in strict conformity with the terms of the Bonds, the Indenture, any Security Instrument Agreement and any Reserve Instrument Agreement, according to the true intent and meaning of the Indenture and thereof. The Principal of and interest on the Bonds, any Security Instrument Repayment Obligations and any Reserve Instrument Repayment Obligations are payable solely from the Net Revenues (except to the extent paid out of moneys attributable to Bond proceeds or other funds created under the Indenture or the income from the temporary investment thereof), which Net Revenues are by the Indenture specifically pledged and assigned to the payment thereof in the manner and to the extent specified in the Indenture, and nothing in the Bonds, the Indenture, any Security Instrument Agreement or any Reserve Instrument Agreement should be considered as pledging any other funds or assets of the Issuer for the payment thereof.

Performance of Covenants; Issuer. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Indenture and in any and every Bond, Security Instrument Agreement and Reserve Instrument Agreement. The Issuer represents that it is duly authorized under the Constitution of the State to issue the Bonds authorized by the Indenture and to execute the Indenture, that all actions on its part for the issuance of the Bonds and the execution and delivery of the Indenture have been duly and effectively taken, and that the Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

List of Bondholders. The Trustee will keep on file at its Principal Corporate Trust Office a list of the names and addresses of the Registered Owners of all Bonds which are from time to time registered in the Register in the hands of the Registrar for the Bonds. At reasonable times and under reasonable regulations established by the Registrar, said list may be inspected and copied by the Issuer or by the Registered Owners (or a designated representative thereof) of 10% or more in principal amount of the Bonds then Outstanding, such ownership and the authority of any such designated representative to be evidenced to the reasonable satisfaction of the Trustee.

Tax Exemption of Bonds. The Issuer recognizes that Section 149(a) of the Code requires bonds to be issued and to remain in fully registered form in order that interest thereon is excludable from gross income for federal income tax purposes under laws in force at the time the bonds are delivered. Bonds issued pursuant to the Indenture, the interest on which is excludable from gross income for federal income tax purposes, are referred to in the Indenture as “tax exempt Bonds.” Pursuant to the provisions thereof, the Issuer agrees that it will not take any action to permit tax-exempt Bonds issued under the Indenture to be issued in, or converted into, bearer or coupon form, unless the Issuer first receives an opinion from nationally recognized bond counsel that such action will not adversely affect the excludability of the interest on any Bonds from gross income for federal income tax purposes.

The Issuer covenants and certifies to and for the benefit of the Registered Owners of such Bonds that no use will be made of the proceeds of the issue and sale of such Bonds, or any funds or accounts of the Issuer which may be deemed to be available proceeds of such Bonds, pursuant to Section 148 of the Code and applicable regulations (proposed or promulgated) which use, if it had been reasonably expected on the date of issuance of such Bonds, would have caused the Bonds to be classified as arbitrage bonds within the meaning of the Code and the Regulations promulgated or proposed thereunder. Pursuant to this covenant, the Issuer obligates itself to comply throughout the term of such Bonds with the requirements of Section 148 of the Code and the regulations proposed or promulgated thereunder.

The Issuer further covenants and agrees to and for the benefit of the Registered Owners that the Issuer (i) will not take any action that would cause interest on tax-exempt Bonds issued under the Indenture to become includable in gross income for federal income tax purposes, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the tax-exempt Bonds to become includable in gross income for purposes of federal income taxation and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Bonds in order to preserve the excludability from gross income for federal income tax purposes of interest payable on the Bonds.

Management of System. The Issuer, in order to assure the efficient management and operation of the System and to assure each Registered Owner, Security Instrument Issuer, and Reserve Instrument Provider from time to time that the System will be operated on sound business principles, will employ competent and experienced management for the System, will use its best efforts to see that the System is at all times operated and maintained in first-class repair and condition.

Use of Legally Available Moneys. Notwithstanding any other provisions of the Indenture, nothing in the Indenture shall be construed to prevent the Issuer from (i) paying all or any part of the Operation and Maintenance Expenses from any moneys available to the Issuer for such purpose, (ii) depositing any moneys available to the Issuer for such purpose in any account in the Bond Fund for the payment of the interest on, premium, if any, or the Principal of any Bonds issued under provisions of the Indenture or for the redemption of any such Bonds or for the payment of any Security Instrument Repayment Obligations, or (iii) depositing any moneys available to the Issuer for such purpose in the Reserve Instrument Fund for the payment of any amounts payable under any applicable Reserve Instrument Agreement.

Covenant Not to Sell. The Issuer will not sell, lease, mortgage, encumber, or in any manner dispose of the System or any substantial part thereof, including any and all extensions and additions that may be made thereto, until all Principal of and interest on the Bonds, and all Repayment Obligations, have been paid in full, except as follows:

(a) The Issuer may sell any portion of said property (i) which shall have been replaced by other property of at least equal value, (ii) which shall cease to be necessary for the efficient operation of the System and the disposition of which will not, as determined by the Governing Body of the Issuer, result in a material reduction in Net Revenues in any Year; or (iii) the value, as determined by the Governing Body of the Issuer, of the property to be sold, leased,

abandoned, mortgaged, or otherwise disposed of (together with any other property similarly disposed of within the Year immediately preceding the proposed disposition) does not exceed 5% of the value of the assets of the System, as determined by the Governing Body of the Issuer; provided, however, that in the event of any sale as aforesaid, the proceeds of such sale not needed to acquire other property of the System shall be paid into the Bond Fund.

(b) The Issuer may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System, provided that any such lease, contract, license, arrangement, easement or right does not impede the operation of the System; and any payment received by the Issuer under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System or any part thereof shall constitute Revenues.

**Billing Procedure.** The Issuer shall submit a monthly billing for services rendered to persons who are liable for the payment of charges for such services, and shall require that each such bill be paid in full as a unit, and refuse to permit payment of a portion without payment of the remainder. Any bill not paid within thirty (30) days from the date it is mailed to the customer shall be deemed delinquent. The Issuer by the Indenture agrees that if any bill remains delinquent for more than sixty (60) days, it will initiate proceedings to cause all service to the user concerned to be cut off immediately.

## **Default Provisions**

**Events of Default.** Each of the following events is by the Indenture declared an “Event of Default”:

(a) if payment of any installment of interest on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable, or

(b) if payment of the Principal of or the redemption premium, if any, on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any fund under the Indenture or otherwise; or

(c) if the Issuer shall for any reason be rendered incapable of fulfilling its obligations under the Indenture; or

(d) if an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or custodian for any of the Revenues of the Issuer, or approving a petition filed against the Issuer seeking reorganization of the Issuer under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the Issuer shall not be vacated or discharged or stayed on appeal within thirty (30) days after the entry thereof; or

(e) if any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from Revenues; or

(f) if (i) the Issuer is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment, or decree be entered by any court of competent jurisdiction appointing, without the consent of the Issuer, a receiver, trustee, or custodian of the Issuer or of the whole or any part of the Issuer’s property and any of the aforesaid adjudications, orders, judgments, or decrees shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof; or

(g) if the Issuer shall file a petition or answer seeking reorganization, relief, or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Issuer or of the whole or any substantial part of the property of the

Issuer, and such custody or control shall not be terminated within thirty (30) days from the date of assumption of such custody or control; or

(i) if the Issuer shall fail to perform any other of the covenants, conditions, agreements, and provisions contained in the Bonds, or in the Indenture or any Supplemental Indenture of the Indenture on the part of the Issuer to be performed, other than as set forth in the Indenture, and such failure shall continue for thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Registered Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding under the Indenture; or

(j) any event specified in a Supplemental Indenture as constituting an Event of Default.

Remedies; Rights of Registered Owners. Upon the occurrence of an Event of Default, the Trustee, upon being indemnified pursuant to the Indenture, may pursue any available remedy by suit at law or in equity to enforce the payment of the Principal of, premium, if any, and interest on any Outstanding Bonds or to enforce any obligations of the Issuer under the Indenture.

If an Event of Default shall have occurred and if requested so to do by (i) Registered Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, (ii) Security Instrument Issuers at that time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 25% in aggregate principal amount of the Bonds then Outstanding, or (iii) any combination of Registered Owners and Security Instrument Issuers described in (i) and (ii) above representing not less than 25% in aggregate principal amount of the Bonds then Outstanding, and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this section as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Registered Owners and the Security Instrument Issuers.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Registered Owners or to the Security Instrument Issuers) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee, the Registered Owners or the Security Instrument Issuers or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default under the Indenture, whether by the Trustee or by the Registered Owners or the Security Instrument Issuers, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Right of Registered Owners to Direct Proceedings. Anything in the Indenture to the contrary notwithstanding, unless a Supplemental Indenture provides otherwise, either (i) the Registered Owners of not less than 50% in aggregate principal amount of the Bonds then Outstanding, (ii) the Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 50% in aggregate principal amount of the Bonds then Outstanding, or (iii) any combination of Registered Owners and Security Instrument Issuers described in (i) and (ii) above representing not less than 50% in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of Trustee's fees and expenses including the fees and expenses of its counsel for the proceedings resulting in the collection of such moneys and of the expenses and liabilities and

advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund shall be applied in the following order:

(a) To the payment of the Principal of, premium, if any, and interest then due and payable on the Bonds and the Security Instrument Repayment Obligations as follows:

(i) Unless the Principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST—To the payment to the persons entitled thereto of all installments of interest then due on the Bonds and the interest component of any Security Instrument Repayment Obligations then due, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND—To the payment to the persons entitled thereto of the unpaid Principal of and premium, if any, on the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, and the principal component of any Security Instrument Repayment Obligations then due, and, if the amount available shall not be sufficient to pay in full all the Bonds and the principal component of any Security Instrument Repayment Obligations due on any particular date, then to the payment ratably, according to the amount of Principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(ii) If the Principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the Principal and interest then due and unpaid upon the Bonds and Security Instrument Repayment Obligations, without preference or priority of Principal over interest or of interest over Principal, or of any installment of interest over any other installment of interest, or of any Bond or Security Instrument Repayment Obligation over any other Bond or Security Instrument Repayment Obligation, ratably, according to the amounts due respectively for Principal and interest, to the persons entitled thereto without any discrimination or privilege.

(iii) To the payment of all obligations owed to all Reserve Instrument Providers, ratably, according to the amounts due without any discrimination or preference under any applicable agreement related to any Reserve Instrument Agreement.

Whenever moneys are to be applied pursuant to the provisions of the Indenture, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amounts of such moneys available for such application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of Principal paid on such dates shall cease to accrue.

Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings related thereto and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Registered Owners of the Outstanding Bonds, and any recovery of judgment shall be for the equal benefit of the Registered Owners of the Outstanding Bonds.

Rights and Remedies of Registered Owners. Except as provided in the last sentence of this section, no Registered Owner of any Bond or Security Instrument Issuer shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the

appointment of a receiver or any other remedy under the Indenture, unless an Event of Default has occurred of which the Trustee has been notified as provided in the Indenture, or of which by said Indenture it is deemed to have notice, nor unless also Registered Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name or names. Such notification, request and offer of indemnity are by the Indenture declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trust of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more Registered Owner of the Bonds or Security Instrument Issuer shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of the Registered Owners of all Bonds then Outstanding and all Security Instrument Issuers at the time providing Security Instruments. Nothing in the Indenture contained shall, however, affect or impair the right of any Registered Owner or Security Instrument Issuer to enforce the covenants of the Issuer to pay the Principal of, premium, if any, and interest on each of the Bonds issued under the Indenture held by such Registered Owner and Security Instrument Repayment Obligations at the time, place, from the source and in the manner in said Bonds or Security Instrument Repayment Obligations expressed.

Termination of Proceedings. In case the Trustee, any Registered Owner or any Security Instrument Issuer shall have proceeded to enforce any right under the Indenture by the appointment of a receiver, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Registered Owner, or Security Instrument Issuer, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights under the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Waivers of Events of Default. Subject to the Indenture, the Trustee may in its discretion, and with the prior written consent of all Security Instrument Issuers at the time providing Security Instruments, waive any Event of Default under the Indenture and its consequences and shall do so upon the written request of (a) the Registered Owners of not less than 50% in aggregate principal amount of the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 50% in aggregate principal amount of the Bonds then Outstanding in respect of which an Event of Default in the payment of Principal and interest exist, or (b) not less than 50% in aggregate principal amount of the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 50% in aggregate principal amount of the Bonds then Outstanding in the case of any other Event of Default; provided, however, that there shall not be waived (i) any default in the payment of the Principal of any Bonds at the date that a Principal Installment is due, or (ii) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest and all arrears of payments of Principal and premium, if any, when due and all expenses of the Trustee, in connection with such Event of Default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee, the Registered Owners and the Security Instrument Issuers shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

## **Trustee Provisions**

Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its services rendered as Trustee under the Indenture and all advances, counsel fees and other



expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent and Registrar for the Bonds as provided in the Indenture. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a right of payment prior to payment on account of interest or Principal of, or premium, if any, on any Bond for the foregoing advances, fees, costs, and expenses incurred. The Trustee's rights under the Indenture will not terminate upon its resignation or removal or upon payment of the Bonds and discharge of the Indenture.

Trustee's Right to Own and Deal in Bonds. The bank or trust company acting as Trustee under the Indenture, and its directors, officers, employees, or agents, may in good faith buy, sell, own, hold, and deal in any of the Bonds issued under the Indenture and secured by the Indenture, and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee under the Indenture.

## **Supplemental Indentures**

Supplemental Indentures Not Requiring Consent of Registered Owners, Security Instrument Issuers and Reserve Instrument Providers. The Issuer and the Trustee may, without the consent of, or notice to, any of the Registered Owners, Reserve Instrument Providers or Security Instrument Issuers, enter into Supplemental Indentures, as shall not be inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes:

- (a) To provide for the issuance of Initial Bonds, Construction Bonds, Refunding Bonds, and Bond Anticipation Notes in accordance with the provisions of the Indenture;
- (b) To cure any ambiguity or formal defect or omission in the Indenture;
- (c) To grant to or confer upon the Trustee for the benefit of the Registered Owners, any Security Instrument Issuers and any Reserve Instrument Providers any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon them and which shall not adversely affect the interests of any Reserve Instrument Providers or Security Instrument Issuers without their consent;
- (d) To subject to the Indenture or other revenues, properties, collateral, or security;
- (e) To provide for the issuance of the Bonds pursuant to a book-entry system or as uncertificated registered public obligations pursuant to the provisions of the Registered Public Obligations Act, Title 15, Chapter 7 of the Utah Code, or any successor provisions of law;
- (f) To make any change which shall not materially adversely affect the rights or interests of the Owners of any Outstanding Bonds, any Security Instrument Issuer or any Reserve Instrument Provider, requested or approved by a Rating Agency in order to obtain or maintain any rating on the Bonds or requested or approved by a Security Instrument Issuer or Reserve Instrument Provider in order to insure or provide other security for any Bonds;
- (g) To make any change necessary (i) to establish or maintain the excludability from gross income for federal income tax purposes of interest payable on the Bonds as a result of any modifications or amendments to Section 148 of the Code or interpretations by the Internal Revenue Service thereof or of regulations proposed or promulgated thereunder, or (ii) to comply with the provisions of Section 148(f) of the Code, including provisions for the payment of all or a portion of the investment earnings of any of the funds established under the Indenture to the United States of America;
- (h) If the Bonds affected by any change are rated by a Rating Agency, to make any change which does not result in a reduction of the rating applicable to any of the Bonds so affected, provided that if any of the Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the related Security Instrument Issuer;

(i) If the Bonds affected by any change are secured by a Security Instrument, to make any change approved in writing by the related Security Instrument Issuer, provided that if any of the Bonds so affected are rated by a Rating Agency, such change shall not result in a reduction of the rating applicable to any of the Bonds so affected;

(j) Unless otherwise provided by a Supplemental Indenture authorizing a Series of Bonds, the designation of the facilities to constitute a Project by such Supplemental Indenture may be modified or amended if the Issuer delivers to the Trustee (1) a Supplemental Indenture designating the facilities to comprise the Project, (2) an opinion of bond counsel to the effect that such amendment will not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds (if applicable) or validity of the Bonds and (3) a certificate of the Issuer to the effect that such amendment will not adversely affect the Issuer's ability to comply with the provisions of the Indenture; and

(k) To correct any references contained in the Indenture to provisions of the Act, the Code or other applicable provisions of law that have been amended so that the references in the Indenture are correct.

Supplemental Indentures Requiring Consent of Registered Owners and Reserve Instrument Providers; Waivers and Consents by Registered Owners. Exclusive of Supplemental Indentures covered above and subject to the terms and provisions contained in the Indenture, and not otherwise, the Registered Owners of not less than 66-2/3% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to (i) consent to and approve the execution by the Issuer and the Trustee of Supplemental Indentures as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any other Supplemental Indenture, or (ii) waive or consent to the taking by the Issuer of any action prohibited, or the omission by the Issuer of the taking of any action required, by any of the provisions of the Indenture or of any Supplemental Indenture; provided, however, that nothing in the Indenture contained shall permit or be construed as permitting (a) an extension of the date that a Principal Installment is due at maturity or mandatory redemption or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bond, without the consent of the Registered Owner of such Bond, or (b) a reduction in the amount or extension of the time of any payment required by any fund established under the Indenture applicable to any Bonds without the consent of the Registered Owners of Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of the Bonds, the Registered Owners of which are required to consent to any such waiver or Supplemental Indenture, or (d) affect the rights of the Registered Owners of less than all Bonds then outstanding, without the consent of the Registered Owners of Bonds then Outstanding which would be affected by the action to be taken. In addition, no Supplemental Indenture hereto shall modify the rights, duties, or immunities of the Trustee, without the written consent of the Trustee. If a Security Instrument or a Reserve Instrument is in effect with respect to any Series of Bonds Outstanding and if a proposed modification or amendment would affect such Series of Bonds, then, except as provided in the Indenture, neither the Indenture nor any Supplemental Indenture with respect to such Series of Bonds shall be modified or amended at any time without the prior written consent of the related Security Instrument Issuer or Reserve Instrument Provider, as applicable.

## **Discharge of Indenture**

If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the Registered Owners of the Bonds, the Principal of and interest due or to become due thereon at the times and in the manner stipulated therein, and shall pay or cause to be paid to the Trustee all sums of moneys due or to become due according to the provisions of the Indenture, and to all Security Instrument Issuers and all Reserve Instrument Providers all sums of money due or to become due according to the provisions of any Security Instrument Agreements, Reserve Instrument Agreements, as applicable, then these presents and the estate and rights by the Indenture granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of the Indenture, and release, assign and deliver unto the Issuer any and all the estate, right, title, and interest in and to any and all rights assigned or pledged to the Trustee, held by the Trustee, or otherwise subject to the lien of the Indenture, except moneys or securities held by the Trustee for the payment of the Principal of and interest on the Bonds, the payment of amounts pursuant to any Security Instrument Agreements or the payment of amounts pursuant to any Reserve Instrument Agreements.

Any Bond shall be deemed to be paid within the meaning of the Indenture when payment of the Principal of such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Indenture, or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment, or (ii) Direct Obligations, maturing as to Principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agent pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be deemed to be paid under the Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Direct Obligations.

Notwithstanding the foregoing, in the case of Bonds, which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding Paragraph shall be deemed a payment of such Bonds as aforesaid until the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

(a) stating the date when the Principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted by the Indenture);

(b) directing the Trustee to call for redemption pursuant hereto any Bonds to be redeemed prior to maturity pursuant to the provisions of the Indenture; and

(c) if the Bonds to be redeemed will not be redeemed within ninety (90) days of such deposit, directing the Trustee to mail, as soon as practicable, in the manner prescribed by the Indenture, a notice to the Registered Owners of such Bonds and to each related Security Instrument Issuer that the deposit required by the Indenture has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the Principal or redemption price, if applicable, on said Bonds as specified in Subparagraph (a) above.

Any moneys so deposited with the Trustee as provided in the Indenture may at the direction of the Issuer also be invested and reinvested in Direct Obligations, maturing in the amounts and times as set forth in the Indenture, and all income from all Direct Obligations in the hands of the Trustee pursuant to the Indenture which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in that fund; provided, however, that before any excess moneys shall be deposited in the Bond Fund, the Trustee shall first obtain a written verification from a certified public accountant that the moneys remaining on deposit with the Trustee and invested in Direct Obligations after such transfer to the Bond Fund shall be sufficient in amount to pay Principal and interest on the Bonds when due and payable.

No such deposit under the Indenture shall be made or accepted under the Indenture and no use made of any such deposit unless the Trustee shall have received an opinion of nationally recognized municipal bond counsel to the effect that such deposit and use would not cause any tax-exempt Bonds to be treated as arbitrage bonds within the meaning of the Code or the Regulations proposed or promulgated thereunder.

Notwithstanding any provision of the Indenture which may be contrary to the provisions above, all moneys or Direct Obligations set aside and held in trust pursuant to the provisions of the Indenture for the payment of Bonds (including interest thereon) shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such moneys or Direct Obligations have been so set aside in trust.

Anything in the Indenture to the contrary notwithstanding, if moneys or Direct Obligations have been deposited or set aside with the Trustee pursuant to the Indenture for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of the Indenture shall be made without the consent of the Registered Owner of each Bond affected thereby.

## APPENDIX C

### ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY

#### THE CITY

##### City Population

<u>Year</u>	<u>Population</u>	<u>Percent Change</u>
2024 Estimate	36,219	0.7%
2023 Estimate	35,963	0.5
2022 Estimate	35,791	-0.3
2021 Estimate	35,881	-0.4
2020 Census	36,028	5.6
2019 Estimate	34,124	1.8
2018 Estimate	33,506	0.9
2017 Estimate	33,208	0.7
2016 Estimate	32,969	1.6
2015 Estimate	32,450	2.6

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Note: The 2020 Census is as of April 1, 2020; the annual population estimates are as of July 1 of the year given.  
(Source: U.S. Census Bureau.)

##### Construction Activity in the City

The following table summarizes the value of permit authorized construction for the City for the years shown for both residential and commercial construction.

	<i>Calendar Year</i>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
New Dwelling Units	125	156	236	221	286
New Residential Value (\$000)	28,382.0	34,782.7	23,705.0	36,164.2	46,356.8
New Nonresidential Value (\$000)	1,501.0	22,390.7	27,916.1	69,168.3	19,108.5
Additions/Alterations/Repairs					
Residential Value (\$000)	2,238.0	3,162.9	864.1	6,280.2	8,419.4
Additions/Alterations/Repairs					
Nonresidential Value (\$000)	<u>6,908.1</u>	<u>12,151.9</u>	<u>21,049.8</u>	<u>6,339.6</u>	<u>29,057.5</u>
Total Construction (\$000)	39,029.1	72,488.2	73,535.0	117,952.3	102,942.2

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(Source: University of Utah Bureau of Economic and Business Research.)

## SALT LAKE COUNTY

The following demographic information is provided solely as background information regarding Salt Lake County (the “County”), the general area in which the City is located. The County is the economic and population center of the State. Based on 2020 Census data, the County has approximately 36% of the total population of the State. The State capital, Salt Lake City, is located in the County.

### County and State Population

<u>Year</u>	<u>County</u>	<u>% Change</u>	<u>State</u>	<u>% Change</u>
2024 Estimate	1,216,274	1.31%	3,503,613	1.75%
2023 Estimate	1,200,544	0.70	3,443,222	1.54
2022 Estimate	1,192,255	0.48	3,391,011	1.54
2021 Estimate	1,186,513	0.11	3,339,738	2.08
2020 Census	1,185,238	2.14	3,271,616	2.05
2019 Estimate	1,160,437	1.02	3,205,958	1.66
2018 Estimate	1,148,692	1.05	3,153,550	1.69
2017 Estimate	1,136,719	1.48	3,101,042	1.95
2016 Estimate	1,120,109	1.62	3,041,868	2.01
2015 Estimate	1,102,273	1.13	2,981,835	1.53
2010 Census	1,029,655	—	2,763,885	—

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(Source: U.S. Census Bureau, Population Division.)

Note: The 2010 and 2020 Census are as of April 1 of those years; the annual population estimates are as of July 1 of the year given. Estimates are subject to change.

### Rate of Unemployment – Annual Average

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2024	3.2%	3.2%	4.0%
2023	2.7	2.7	3.6
2022	2.4	2.4	3.6
2021	2.9	2.8	5.3
2020	5.3	4.8	8.1
2019	2.5	2.5	3.7
2018	2.9	2.9	3.9
2017	3.0	3.1	4.4
2016	3.1	3.3	4.9
2015	3.3	3.5	5.3

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(Source: Utah Department of Workforce Services and the U.S. Department of Labor.)

## Economic Indicators in the County

LABOR FORCE <sup>(1)</sup>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Labor Force (annual average)	693,444	681,550	664,322	645,193	638,440
Employed (annual average)	671,267	663,016	648,471	626,701	604,567
Unemployed (annual average)	21,177	18,534	15,851	18,492	33,873
Average Employment (Non-Farm Jobs)	808,038	800,225	783,881	750,123	720,686
% Change Prior Year	0.98	2.09	4.50	4.08	-2.24
<i>Average Employment by Sector:</i>					
Agriculture, Forestry, Fishing & Hunting	571	600	505	433	350
Mining	3,476	3,419	3,101	2,711	2,704
Utilities	2,755	2,674	2,621	2,540	2,613
Construction	56,103	54,136	52,254	49,403	46,121
Manufacturing	60,973	61,937	61,233	58,412	56,512
Wholesale Trade	40,141	38,399	36,899	34,826	33,589
Retail Trade	73,057	73,842	75,693	75,837	71,757
Transportation and Warehousing	50,964	50,935	48,540	46,635	45,470
Information	23,435	24,260	24,535	21,586	20,493
Finance and Insurance	51,854	51,142	51,666	51,570	50,506
Real Estate and Rental and Leasing	12,889	12,605	12,320	11,964	11,551
Professional, Scientific & Technical Services	75,991	75,975	73,906	67,717	62,213
Management of Companies and Enterprises	16,896	16,780	16,336	16,041	16,533
Administrative, Support, Waste Management, & Remediation	50,008	51,294	52,504	50,714	50,478
Education Services	68,665	66,619	65,262	62,248	63,779
Health Care and Social Assistance	93,640	90,862	86,331	83,898	81,223
Arts, Entertainment, and Recreation	13,230	12,260	11,306	9,691	8,178
Accommodation and Food Services	57,269	56,703	53,976	48,396	44,582
Other Services and Unclassified Establishments	23,208	23,147	22,902	22,348	21,239
Public Administration	33,910	32,634	31,989	31,155	30,797
Total Establishments	67,102	65,069	62,762	62,346	56,515
Total Wages (\$Millions)	62,018.6	58,435.7	54,673.5	49,206.1	44,541.0
INCOME AND WAGES	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Personal Income (\$000) <sup>(2)</sup>	n/a	\$85,126,342	\$80,481,119	\$76,747,291	\$67,958,404
Per Capita Income <sup>(2)</sup>	n/a	71,787	67,827	64,694	57,253
Median Household Income <sup>(1)</sup>	n/a	94,658	91,713	80,676	79,294
Average Monthly Nonfarm Wage <sup>(1)</sup>	\$6,396	\$6,085	\$5,812	\$5,466	\$5,150
SALES & CONSTRUCTION	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Gross Taxable Sales (\$000,000) <sup>(3)</sup>	42,782.1	41,950.6	41,687.3	37,173.7	31,377.7
New Dwelling Units <sup>(4)</sup>	4,093	8,824	8,864	11,037	10,660
Total Construction Value (\$000) <sup>(4)</sup>	3,565,252.3	4,463,195.5	3,992,958.0	4,343,554.3	4,122,671.6
New Residential Value (\$000) <sup>(4)</sup>	1,015,070.2	2,147,646.1	1,711,278.5	2,153,788.4	1,964,183.1
New Nonresidential Value (\$000) <sup>(4)</sup>	637,834.0	910,557.6	1,303,331.3	1,056,514.3	974,277.3

(Sources: (1) Utah Department of Workforce Services; (2) U.S. Department of Commerce, Bureau of Economic Analysis, last updated November 2024; (3) Utah State Tax Commission; (4) University of Utah Ivory-Boyer Construction Database; Total Construction Value includes additions/alterations/repairs.)

## Major Employers in the County

<u>Company</u>	<u>Industry</u>	<u>Employment Range</u>
University of Utah	Higher Education	20,000+
Intermountain Health Care	Health Care	20,000+
State of Utah	State Government	10,000-14,999
Granite School District	Public Education	7,000-9,999
Jordan School District	Public Education	7,000-9,999
Salt Lake County	Local Government	5,000-6,999
Amazon.com	Couriers	5,000-6,999
Wal-Mart	Warehouse Clubs & Supercenters	5,000-6,999
Delta Airlines	Air Transportation	5,000-6,999
Canyons School District	Public Education	4,000-4,999
ARUP Laboratories	Medical Laboratories	4,000-4,999
Salt Lake City	Local Government	3,000-3,999
Department of Veterans Affairs	Health Care	3,000-3,999
Smiths Food & Drug	Grocery Stores	3,000-3,999
United Parcel Service	Postal Service	3,000-3,999
Salt Lake City School District	Public Education	3,000-3,999
Zions Bancorporation N A	Financial Services	3,000-3,999
US Postal Service	Postal Service	2,000-2,999
Biofire Diagnostics, LLC	Medical Research	2,000-2,999
Salt Lake Community College	Higher Education	2,000-2,999
L3 Technologies	Manufacturing	2,000-2,999
Skywest Airlines	Air Transportation	2,000-2,999
Kennecott Utah Copper	Mining	2,000-2,999
Harmons	Grocery Stores	2,000-2,999
Mountain America Credit Union	Financial Services	2,000-2,999
Utah Transit Authority	Public Transportation	2,000-2,999
Northrop Grumman Corp.	Aerospace Manufacturing	2,000-2,999
Discover Products Inc.	Financial Services	2,000-2,999
Costco Wholesale	Warehouse Clubs & Supercenters	2,000-2,999
Merit Medical Systems	Health Care	2,000-2,999
Wells Fargo Bank	Financial Services	2,000-2,999
Select Health	Medical Insurance Carriers	1,000-1,999
Fidelity Brokerage Services	Financial Services	1,000-1,999
Goldman Sachs and Co.	Nondepository Credit Intermediation	1,000-1,999
Maverik Country Stores	Gasoline Stations with Convenience Stores	1,000-1,999
St Marks Hospital	Hospitals	1,000-1,999
The Home Depot	Home Centers	1,000-1,999
McDonald's	Limited-Service Restaurants	1,000-1,999
Core Innovative Solutions	Residential Property Managers	1,000-1,999
Edwards Lifesciences	Medical Instrument Manufacturing	1,000-1,999
Catholic Health Initiatives	Colorado Hospitals	1,000-1,999
Target	Warehouse Clubs/Supercenters	1,000-1,999
Becton, Dickinson and Company	Medical Instrument Manufacturing	1,000-1,999
Snowbird Operations	Hotels	1,000-1,999
Swire Pacific Holdings	Grocery Merchant Wholesalers	1,000-1,999
R1 RCM	Professional, Scientific & Technical Services	1,000-1,999
Ultradent Products	Dental Equipment Manufacturing	1,000-1,999
Western Governor's University	Higher Education	1,000-1,999
Ebay	General Merchandise Retailers	1,000-1,999
Universal Protection	Security Guards & Patrol Services	1,000-1,999
Varex Imaging	Irradiation Apparatus Manufacturing	1,000-1,999
Optum Services	Software Publishers	1,000-1,999
Cache Valley Electric	Specialty Trade Contractors	1,000-1,999
ARO	Supermarkets	1,000-1,999
Pacificorp	Utilities	1,000-1,999
Sutter Health	Accounting Services	1,000-1,999
Dept of Defense	Federal Government	1,000-1,999
Western States Lodging & Management	Accommodations	1,000-1,999
West Valley City	Local Government	1,000-1,999

(Source: Utah Department of Workforce Services; last updated November 2024.)

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”), executed by Midvale City, Utah (the “City”), in connection with the issuance of the City’s \$[ ] aggregate principal amount of Water, Sewer, and Storm Water Revenue Bonds, Series 2025 (the “Series 2025 Bonds”). The Series 2025 Bonds are being issued pursuant to a General Indenture of Trust dated as of April 1, 2007 (the “General Indenture”), as heretofore supplemented and amended, and an Eleventh Supplemental Indenture of Trust dated as of August 1, 2025 (the “Eleventh Supplemental Indenture” and together with the General Indenture, the “Indenture”) each between the Issuer and Zions Bancorporation, National Association, as trustee (the “Trustee”). The City hereby acknowledges that it is an “obligated person” within the meaning of the hereinafter defined Rule. In connection with the aforementioned transactions, the City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the City for the benefit of the Bondholders and Beneficial Owners of the Series 2025 Bonds and in order to assist the Participating Underwriter in complying with the Rule (each as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means the Annual Report provided by the City pursuant to, and as described in Sections 3 and 4 of this Disclosure Undertaking.

“Beneficial Owner” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the City, acting in its capacity as Dissemination Agent hereunder, or any of its successors or assigns.

“Financial Obligation” means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is 1300 I Street, NW, Suite 1000, Washington DC 20005-3314; Telephone (202) 838-1500; Fax (202) 898-1500, and the website address of which is [www.msrb.org](http://www.msrb.org) and [www.emma.msrb.org](http://www.emma.msrb.org) (for municipal disclosures and market data).

“Official Statement” shall mean the Official Statement of the Issuer dated [ ], 2025, relating to the Series 2025 Bonds.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated, as original underwriter of the Series 2025 Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.



Section 3. Provision of Annual Reports.

(a) The City shall prepare an Annual Report and shall, or shall cause the Dissemination Agent to, not later than one hundred eighty (180) days after the end of each fiscal year of the City (presently June 30), commencing with the fiscal year ended June 30, 2025, provide to the MSRB in electronic format an Annual Report of the City which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than fifteen (15) business days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for Listed Event under Section 5(e).

(b) If by fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report of the City to the MSRB, the Dissemination Agent has not received a copy of the Annual Report of the City, the Dissemination Agent shall contact the City to determine if the City is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that the Annual Report has been provided to the MSRB by the dates required in subsections (a) and (b), the Dissemination Agent (or the City) shall, in a timely manner, send a notice of a failure to file the Annual Report to the MSRB in an electronic format.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the website address to which the MSRB directs the annual reports to be submitted; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing the website address to which it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(i) A copy of the City's annual financial statements prepared in accordance with generally accepted accounting principles and audited by a certified public accountant or a firm of certified public accounts. If the City's audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements are to be provided as part of the Annual Report and audited financial statements to be provided when and if available.

(ii) An update of the financial and operating information in the Official Statement relating to the City of the type contained in the tables under the heading: "THE SYSTEM—The Sewer Facilities—Service Connections," "—Major Users of the Sewer Facilities," "THE SYSTEM—The Water Facilities—Water Connections," "—Major Water Users," and "HISTORICAL OPERATIONS AND PRO FORMA DEBT SERVICE COVERAGE."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, as appropriate, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City, as appropriate, shall clearly identify each such other document so incorporated by the reference.

Section 5.        Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2025 Bonds or other material events affecting the tax status of the Series 2025 Bonds;
- (vi) Defeasances;
- (vii) Tender offers;
- (viii) Bankruptcy, insolvency, receivership or similar proceedings;
- (ix) Rating changes; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2025 Bonds in a timely manner not more than ten (10) business days after the Listed Event, if material:

- (i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
- (ii) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent;
- (iii) Non-payment related defaults;
- (iv) Modifications to the rights of the owners of the Series 2025 Bonds;
- (v) Series 2025 Bond calls;
- (vi) Release, substitution or sale of property securing repayment of the Series 2025 Bonds; or
- (vii) Incurrence of a Financial Obligation of the City or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect holders of the Series 2025 Bonds.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event under Section 5(b), whether because of a notice from the Trustee or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the City has determined that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If the City determines that the Listed Event under Section 5(b) would not be material under applicable federal securities laws, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2025 Bonds. If such termination occurs prior to the final maturity of the Series 2025 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The City will serve as the initial Dissemination Agent under this Disclosure Undertaking.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking and any provision of this Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (as defined in the Rule) with respect to the Series 2025 Bonds, or the type of business conducted;

(b) The Disclosure Undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2025 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2025 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2025 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the City shall describe such amendment in the next Annual Report of the City, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City, as applicable. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in

addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Undertaking, any Bondholder or Beneficial Owner of the Series 2025 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an “event of default” under the Indenture, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s gross negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2025 Bonds.

Section 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Series 2025 Bonds, and shall create no rights in any other person or entity.

Dated \_\_\_\_\_, 2025.

MIDVALE CITY, UTAH

(SEAL)

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Recorder

## APPENDIX E

### FORM OF OPINION OF BOND COUNSEL

*Upon the issuance of the Series 2025 Bonds, Gilmore & Bell, P.C., Bond Counsel to the City, proposes to issue its approving opinion in substantially the following form:*

Re:     \$[ ] Midvale City, Utah Water, Sewer, and Storm Water Revenue Bonds, Series 2025

We have acted as bond counsel to Midvale City, Utah (the “Issuer”) in connection with the issuance by the Issuer of the above-captioned bonds (the “Bonds”). In this capacity, we have examined the law and such certified proceedings, certifications and other documents as we have deemed necessary to give the opinions below.

The Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and other applicable provisions of law; (ii) resolutions of the Issuer adopted on April 15, 2025 and May 20, 2025; and (iii) a General Indenture of Trust dated as of April 1, 2007, as heretofore supplemented and amended (the “General Indenture”) and as further supplemented by an Eleventh Supplemental Indenture of Trust dated as of August 1, 2025 (the “Eleventh Supplemental Indenture” and, collectively, with the General Indenture, the “Indenture”) each between the Issuer and Zions Bancorporation, National Association, as trustee. Under the Indenture, the Issuer has pledged certain revenues (the “Net Revenues”) for the payment of principal of, premium (if any), and interest on the Bonds when due.

Capitalized terms used and not otherwise defined in this opinion have the meanings assigned to those terms in the Indenture.

Regarding questions of fact material to the opinions below, we have relied on the representations of the Issuer contained in the Indenture, on the certified proceedings and other certifications of representatives of the Issuer and the certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion that:

1.       The Issuer is validly existing as a political subdivision and body politic duly organized and validly existing under the constitution and laws of the State of Utah (the “State”) with the power to execute the Indenture, perform the agreements on its part contained therein, and issue the Bonds.

2.       The Indenture has been authorized, executed and delivered by the Issuer and constitutes a valid and binding agreement of the Issuer.

3.       The Indenture creates a valid lien on the Net Revenues and other funds pledged by the Indenture for the security of the Bonds on a parity with other bonds, if any, issued or to be issued under the Indenture.

4.       The Bonds have been duly authorized and executed by the Issuer, and are valid and binding limited obligations of the Issuer, payable solely from the Net Revenues and the other funds provided therefor in the Indenture. The Bonds do not constitute general obligations of the Issuer and do not constitute an indebtedness of the Issuer within the meaning of any State constitutional or statutory provision, limitation, or restriction. The Issuer’s taxing power is not pledged to the payment of the Bonds.

5.       The interest on the Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from income taxation by the State.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding (a) the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds, except as may be set forth in our supplemental opinion of even date herewith, (b) the attachment, perfection, or priority of the lien on Revenues or other funds created by the Indenture, or (c) the tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion letter.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Respectfully submitted,

## **APPENDIX F**

### **PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds are to be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate is to be issued for each series of the Series 2025 Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has S&P’s rating of AA+. The DTC Rules applicable to its Direct Participants are on file with the Securities and Exchange Commission. Neither the City nor the Underwriter makes any representation about such information. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which are to receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2025 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain

that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2025 Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners are to be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC nor its nominee, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, Series 2025 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2025 Bond certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.*



**APPENDIX G**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**