

**MIDVALE CITY CORPORATION
MIDVALE, UTAH**

**Basic Financial Statements and
Supplementary Information**

Year Ended June 30, 2009

MIDVALE CITY CORPORATION

Table of Contents

	Page
FINANCIAL SECTION	
Report of Independent Certified Public Accountants	1-2
Management's Discussion and Analysis	3-15
Basic Financial Statements:	
Entity-wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Redevelopment Agency	23
Statement of Net Assets - Proprietary Funds	24-25
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27-28
Notes to Financial Statements	29-52
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds.....	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	54
Schedules of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual:	
Capital Projects Fund.....	55
Municipal Building Authority - Special Revenue Fund	56
Cemetery Perpetual Care - Permanent Fund.....	57

MIDVALE CITY CORPORATION

Table of Contents

	Page
COMPLIANCE SECTION	
Single Audit:	
Report of Independent Certified Public Accountants On Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	58-59
Report of Independent Certified Public Accountants On Compliance With Requirements Applicable To Each Major Program and Internal Control Over Compliance In Accordance with OMB Circular A-133	60-61
Schedule of Expenditures of Federal Awards.....	62
Notes to the Schedule of Expenditures of Federal Awards	63-64
Schedule of Findings and Questioned Costs.....	65
State Legal Compliance Reports:	
Report of Independent Certified Public Accountants on Compliance with the State of Utah's Legal Compliance Audit Guide	66-67

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Midvale City Corporation, Utah (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Midvale City Corporation, Utah, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-15 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are presented for purposes of additional analysis are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Midvale City Corporation. The combining and individual nonmajor fund financial statements, the budgetary comparison information and Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

December 3, 2009

Midvale City Corporation
Management's Discussion and Analysis
June 30, 2009

Midvale City Corporation's management presents to the readers of its financial statements this narrative information. It contains an overview and analysis of the financial position and results of operations as of and for the twelve months ended June 30, 2009. As management of the City, we encourage readers to consider information contained in this discussion and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities at the end of the current fiscal year by \$110,766,481. Of this amount, \$4,322,375 is unrestricted and available to meet ongoing obligations to citizens and creditors.
- Net assets increased by \$20,233,971. This is primarily due to:
 - The transfer from Sandy City of the water distribution system on the east side of Midvale, formerly served by Sandy City. The fair market value of the acquired system is \$10,544,902;
 - Developer contributions totaling \$9,651,008. The contributions consist of land and improvements on Bingham Junction, an area formerly restricted from development due to environmental concerns; and
 - \$2,287,276 in federal funds awarded to construct Bingham Junction Boulevard.
- Total long-term debt owed by the City is \$17,105,261. This is well below the City's legal debt capacity of approximately \$300 million. This debt limit is imposed by the State and is equal to twelve percent of taxable property in the City. During the fiscal year, the General Fund issued \$2,335,000 in excise tax revenue bonds for road improvements, and the Public Utilities fund issued \$2,045,000 water and sewer revenue bonds for construction of wells, well houses, a 4-million gallon reservoir, water transmission pipelines, and an automated meter reading system. The City paid off one capital lease agreement.
- The Fiscal Year (FY) 2009 General Fund Budget appropriated \$522,300 from prior year fund balance to meet budgeted expenditures. For FY 2010, the City Council has appropriated \$389,400 from fund balance.
- The City's General Fund unreserved fund balance on June 30, 2009 was \$1,593,432. This is equal to 9.3% of General Fund budgeted revenues (excluding appropriations from fund balance) for FY 2010. Utah state law prohibits fund balances in excess of eighteen percent or less than five percent of budgeted revenue. Midvale City Council prefers maintaining a fund balance of twelve percent, but approved the decrease in light of the current economy.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to Midvale City's basic financial statements. The City's financial statements comprise three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements that will help the reader gain a more in-depth understanding of the City.

Government-wide financial statements

The 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 assets* presents information on all of the assets and liabilities of the City, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or declining.

The *statement of activities* shows the changes to net assets that occurred during the most recent fiscal year. These changes were recorded on an accrual basis when the underlying event that causes the change occurs, regardless of when the cash transaction takes place. One example is the next debt interest payment when the fiscal year ends in between interest payments. The *statement of activities* shows additional interest expense (an accrual) for the time period between the last interest payment and the end of the fiscal year.

Both of these government-wide financial statements distinguish between activities that are largely supported by taxes and intergovernmental revenues (governmental activities) and those whose operations are entirely or largely financed by user charges and fees (business type activities). The governmental activities for Midvale City include general governmental (council, mayor, administration, court); community and economic development; public safety (police and fire); highways and public improvements; and parks, recreation, and public property. The business type activities include water, sewer, storm water utility, solid waste, and ambulance.

The Redevelopment Agency of Midvale City and the Municipal Building Authority are legally separate from the City, but for all practical purposes function as a part of the City and are therefore blended as an integral part of the primary government.

The government-wide financial statements are found as listed in the table of contents.

Fund Financial Statements

A fund is a set of closely related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. Midvale City, like other state and local governments uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the City's funds can be categorized into one of two categories: governmental funds or proprietary funds.

Governmental funds account for essentially the same activities as the governmental activities in the government-wide financial statements, but with a narrower focus. Governmental funds concentrate on near-term inflows and outflows of financial resources and the balances of spendable resources available to the government at the end of the fiscal year. This information can be useful in evaluating the government's short-term financing requirements.

Comparing similar information presented in the government-wide statements for the governmental activities with that presented in governmental funds statements can provide useful information because of the different focus of the two approaches. With the long-term focus of the government-wide statements, a reader may be able to better understand the long-term effects of the near term financing decisions. To aid in the comparison, both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance show reconciliation between the governmental funds statements to the governmental activities in the government-wide statements.

Midvale City uses six different individual governmental funds. Of this number, information is shown separately for the General, Capital Projects, and Redevelopment Agency Funds, all of which are deemed major funds. Information from the Municipal Building Authority and Cemetery funds is presented in a single combined column. Individual presentations for these non-major funds are contained in combining information shown after the notes to the financial statements as listed in the table of contents. The City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found as listed in the table of contents.

Proprietary funds include enterprise funds and internal service funds. Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Internal Service Funds may be used to report activities that provide goods or services to other funds or departments of the City.

The Enterprise Funds maintained by Midvale City include water/sewer, storm water utility, solid waste, and ambulance service. Midvale City uses an Internal Service Fund to account for its vehicle fleet activities. Because the activities of the Internal Service Fund support primarily governmental rather than business-type activities, they have been included within the governmental activities column of the government-wide financial statements.

Proprietary funds present the same information as in the government-wide statements, except in more detail. The fund statements for proprietary funds provide separate information for the Water/Sewer, Storm Water Utility, and Sanitation funds, which are considered to be major funds of Midvale City, and the Ambulance fund. The Internal Service Fund is shown in one single column in the proprietary fund financial statements. The City also adopts annual appropriated budgets for all of its proprietary funds.

The basic proprietary fund financial statements can be found as listed in the table of contents.

Notes to the financial statements contain additional information important to a complete understanding of the information contained in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

OTHER INFORMATION

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found as listed in the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This table shows a comparison between governmental and business-type activities for the current year and the prior year:

	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
Assets:				
Current and other assets	\$ 11,683,205	\$ 9,950,880	\$ 8,441,050	\$ 12,895,680
Capital assets	90,372,321	79,317,240	23,636,158	6,901,636
Total Assets	102,055,526	89,268,120	32,077,208	19,797,316
Liabilities:				
Current and other liabilities	5,734,065	5,418,016	526,927	1,006,529
Long term liabilities	6,566,652	3,679,351	10,538,609	8,429,030
Total Liabilities	12,300,717	9,097,367	11,065,536	9,435,559
Net assets:				
Invested in capital assets, net of related debt	84,340,131	75,080,206	13,280,548	6,370,891
Restricted	3,169,169	19,106	5,654,258	3,211,353
Unrestricted	2,245,509	5,071,441	2,076,866	779,513
Total Net Assets	89,754,809	80,170,753	21,011,672	10,361,757
Total Liabilities and Net Assets	\$ 102,055,526	\$ 89,268,120	\$ 32,077,208	\$ 19,797,316

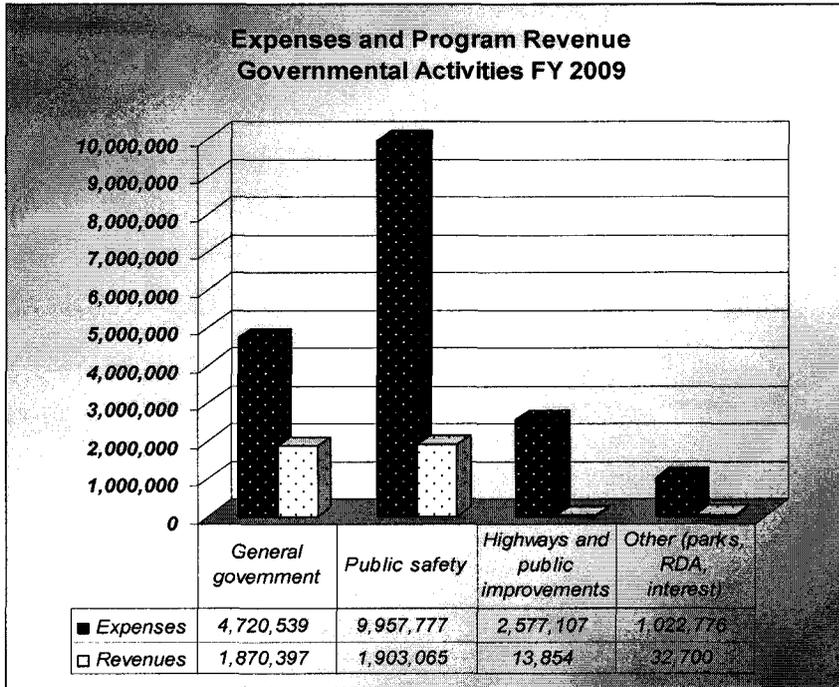
By far the largest component of Midvale City's net assets is its investment in capital assets. Capital assets represent the City's investment in land and land improvements; curb, gutter, and sidewalk; roads and storm drains; water and sewer lines; streetlights and signals, bridges, buildings, and machinery and equipment. Midvale City uses these capital assets to provide services to citizens who live, work, pass through or benefit in other ways from the City. By their nature, these assets are not available for future spending. Further, even though these capital assets are reported net of any related debt, resources needed to repay the debt must come from other sources, as the assets themselves cannot be used to satisfy the related obligations.

Both Governmental and Business-type activities exhibit a significant increase in net assets due to capital contributions from developers, other governments, and federal grants.

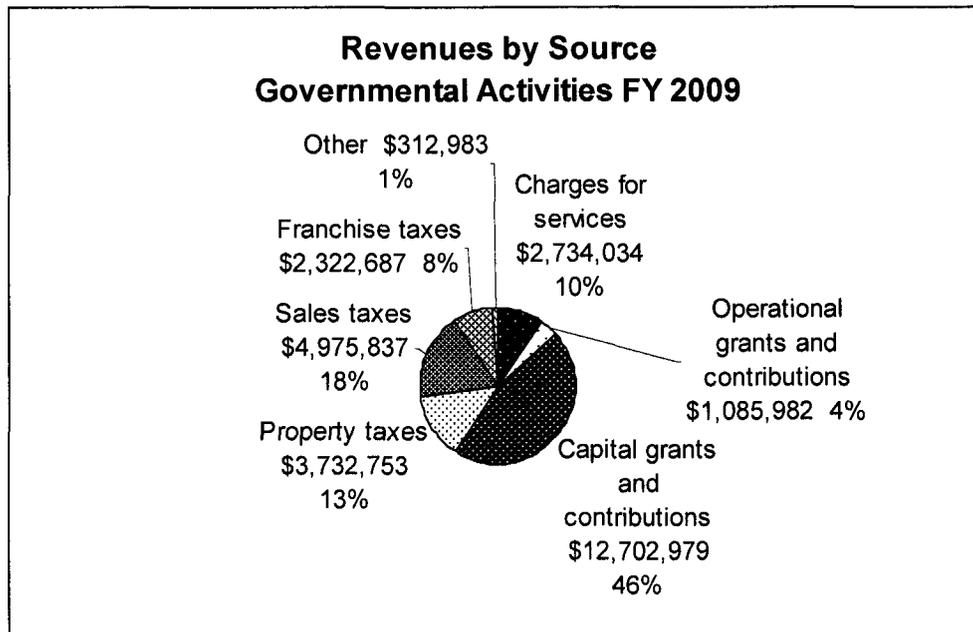
ACTIVITIES, GOVERNMENTAL AND BUSINESS-TYPE

	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
Revenues:				
Program revenues:				
Charges for services	\$ 2,734,034	\$ 2,720,149	\$ 4,211,549	\$ 3,950,589
Operating grants and contributions	1,085,982	813,428	-	-
Capital grants and contributions	12,702,979	890,678	-	-
General revenues:				
Property taxes	3,732,753	3,213,580	-	-
Other taxes	7,298,524	8,186,469	-	-
Unrestricted investment earnings	84,554	227,355	154,036	289,932
Other	73,551	106,308	-	-
Gain on sale of assets	154,878	132,220	-	-
Total revenues	<u>27,867,255</u>	<u>16,290,187</u>	<u>4,365,585</u>	<u>4,240,521</u>
Expenses:				
General government	4,720,539	4,645,154	-	-
Public safety	9,957,777	9,831,010	-	-
Highways and public improvements	2,577,107	2,573,930	-	-
Parks and recreation	743,423	856,523	-	-
Intergovernmental	113,965	108,435	-	-
Interest on long-term debt	165,388	169,950	-	-
Water and sewer	-	-	1,956,931	1,708,621
Storm Water	-	-	552,194	517,577
Sanitation	-	-	787,229	760,800
Ambulance	-	-	630,758	563,790
Loss on equity investment	-	-	338,460	240,425
Total expenses	<u>18,278,199</u>	<u>18,185,002</u>	<u>4,265,572</u>	<u>3,791,213</u>
Increase (decrease) in net assets				
before transfers and contributions	9,589,056	(1,894,815)	100,013	449,308
Transfers	(5,000)	(21,100)	5,000	21,100
Contributions	-	-	10,544,902	-
Increase (decrease) in net assets	<u>9,584,056</u>	<u>(1,915,915)</u>	<u>10,649,915</u>	<u>470,408</u>
Net assets - beginning	<u>80,170,753</u>	<u>82,086,668</u>	<u>10,361,757</u>	<u>9,891,349</u>
Net assets - ending	<u>\$ 89,754,809</u>	<u>\$ 80,170,753</u>	<u>\$ 21,011,672</u>	<u>\$ 10,361,757</u>

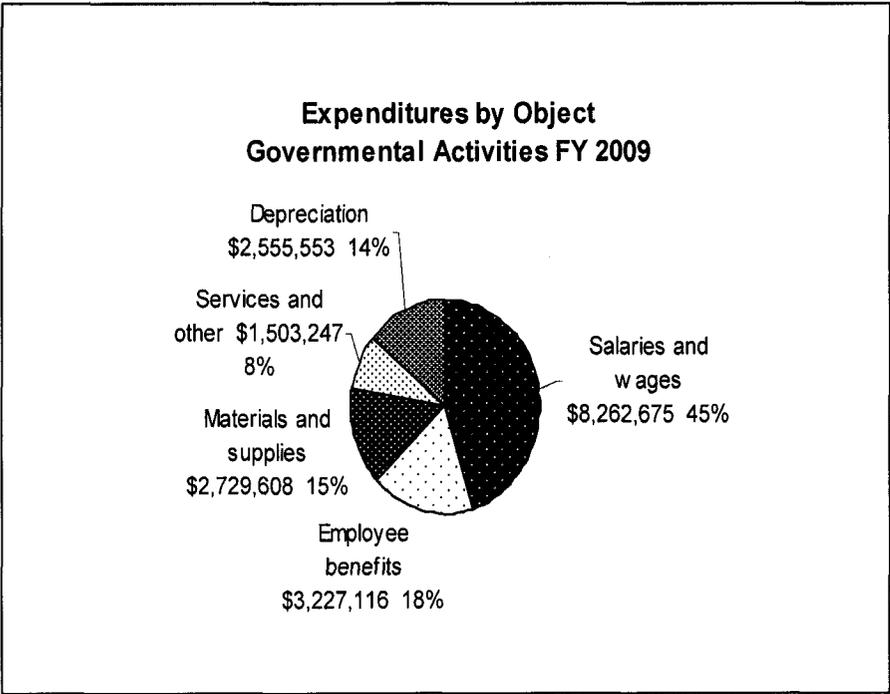
Governmental Activities. The following graphs display the governmental activities reflected in the above tables.



The program revenues on the above graph represent direct charges for services and grants plus operational grant revenues. Capital grants and general revenue such as property tax, sales tax, etc., are not included.

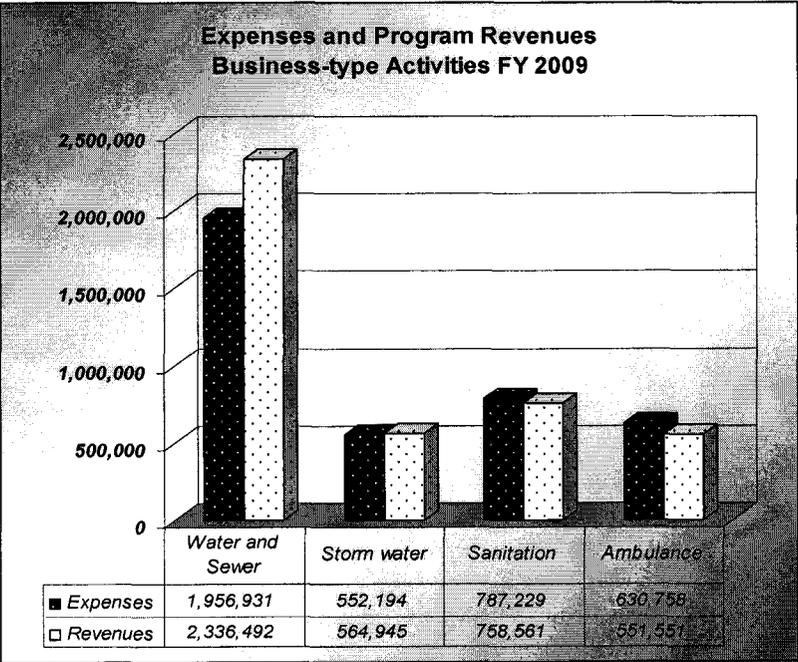


Revenues on the above graph include all sources listed in the table.



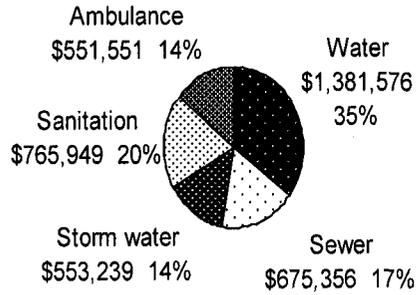
Expenditures on the above graph include all expenditures from the table.

Business-type Activities. The following graphs display the business-side activities for business-type activities reflected in the above tables.



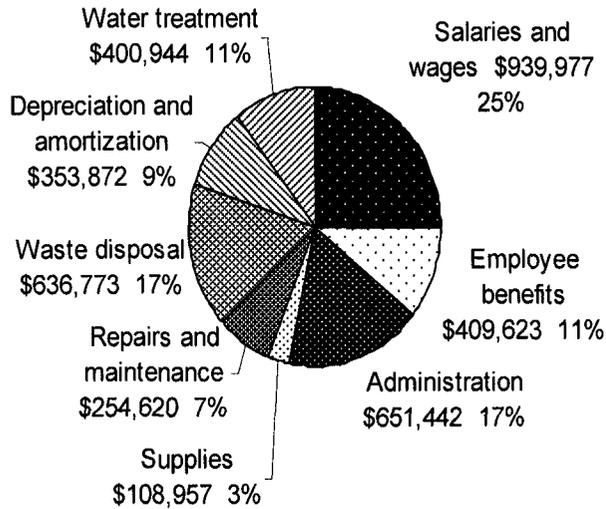
The above graph includes only program revenues and expenses. General revenues such as capital contributions and interest income are not included.

**Charges for Service by Type
Business-type Activities FY 2009**



This graph includes only direct charges for services for each of the separate funds.

**Expenditures by Object
Business-type Activities FY 2009**



This graph represents total operating expenses of Business-type Activities.

FINANCIAL ANALYSIS OF MIDVALE CITY'S FUNDS

Midvale City's governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources and the unreserved portion of this total fund balance is a measure of the available spendable resources at June 30, 2009.

For the period ending June 30, 2009, the City's governmental funds reported a combined fund balance amount of \$4,251,435, an increase of \$357,328 from June 30, 2008.

Of the total fund balance at year-end (\$4,251,435), \$1,082,266 is unreserved. Reserved fund balance (\$3,169,169) consists of \$2,377,532 restricted bond proceeds reserved for specific capital projects, \$150,130 in land held for resale, \$621,930 pledged to backstop debt of UTOPIA (see notes), and \$19,577 for cemetery perpetual care.

The General Fund is the main operating fund for Midvale City Corporation. At June 30, 2009, fund balance is \$3,970,964. \$2,377,532 is reserved for capital projects, leaving \$1,593,432 unreserved. A useful measure of liquidity is to compare the unreserved fund balance to expenditures (including operating transfers out) for the year. Unreserved fund balance is equal to 9.7% of total expenditures and transfers. The City Council has formally adopted a policy of maintaining unreserved fund balance equal to 12% of General Fund expenditures. However, they have temporarily allowed the reduction of fund balance to avoid a property tax increase with the expectation that sales tax revenues will improve over the next few years.

The total fund balance of the General Fund increased by \$1,696,155 in FY 2009. The increase is due to the issuance of excise tax revenue bonds, offset by a budgeted reduction in fund balance.

The Capital Projects Fund has a total fund balance of \$371,167 at June 30, 2009. The total fund balance has been appropriated to various capital projects. This fund balance is reserved to backstop debt of UTOPIA (see notes). The fund balance decreased by \$1,234,982 as projects were completed. Some of those projects are improvements to 7800 South, Coolidge Street and Cox Lane.

The Redevelopment Agency of Midvale City has a decrease in fund balance of \$104,316, the cost of operating the agency. The agency administers development on the project area, generally between Midvale's southern border and 7200 South, and 700 West to Midvale's western border. Until tax increment is available in FY 2010, the RDA has borrowed operational funds from the General Fund. The fund balance at the end of the year is a deficit of \$(110,273).

The City expects the new project area will produce tax increment revenue in FY 2010. As development occurs on the former superfund sites, tax increment revenue will

offset the cost of operating the RDA and pay back advances from the General Fund, as well as pay for needful infrastructure on the site.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the City's proprietary funds totaled \$1,236,734 for Public Utilities (water and sewer), \$468,282 for Storm Water, \$233,363 for Sanitation, and \$138,487 for Ambulance.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original and final amended budgets reflect the following:

- A decrease in non-grant revenues of \$649,100, primarily due to reductions in estimated sales tax. Grant revenues increased by \$709,400.
- Budgeted expenditures increased by \$370,900. The largest increase was \$443,700 for bond issuance costs, including deposits to capitalized interest and debt service reserve accounts. Reductions in spending in other departments partially offset that increase.
- Other financing sources increased by \$2,453,700 due to proceeds of excise tax revenue bonds.
- Actual General Fund revenues were \$921,053 below budget, and actual expenditures were \$1,337,886 below budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Midvale City's investment in capital assets is \$114,008,479 as of June 30, 2009. This represents eighty-five percent of total net assets. Types of assets included in this category are land, land improvements, buildings, machinery and equipment, park and other recreation facilities, roads (including curb and gutter, sidewalk, and storm drain), street lights, traffic signals, water and waste water distribution and collection systems, and bridges.

The sizeable increase in capital assets in FY 2009 (32%) is primarily due to three events: the acquisition of the water system valued at \$10.5 million, formerly served by Sandy City; developer contributions of land and improvements valued at \$9.7 million; and capital projects financed by proceeds from revenue bonds and federal grants.

Midvale City Corporation's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
Land and water rights	\$60,886,628	\$51,956,221	\$3,196,361	\$164,243
Infrastructure	15,259,238	15,492,441	1,164,849	964,435
Buildings	7,230,037	7,426,244	139,004	117,215
Improvements other than buildings	877,619	300,868	15,529,171	4,441,031
Machinery and equipment	3,730,858	4,141,466	55,292	36,099
Construction in progress	2,387,941	---	3,551,481	1,178,613
Total	<u>\$90,372,321</u>	<u>\$79,317,240</u>	<u>\$23,636,158</u>	<u>\$6,901,636</u>

Midvale City's long-term debt, including compensated absences and unamortized premiums, is \$17,105,261. This is well below the City's legal debt capacity imposed by the state (approximately \$300 million). The City's debt includes:

- General obligation bonds (\$3,515,000) which are scheduled to be paid off by September 15, 2019
- Excise tax revenue bonds (\$2,335,000), scheduled to be paid off in 2027
- Water and Sewer Revenue Bonds (\$10,164,000), scheduled to be paid off by October 2032
- A lease/purchase agreement for fluoridation equipment (\$191,610), scheduled to be paid off in 2013

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

General Fund revenues are estimated to be flat in FY 2010. Sales tax revenue is projected to increase ten percent over prior year sales tax revenue, but that projection is five percent below actual FY 2008 sales tax revenue. Fees from building permits and court revenues are increasing and expected to fill the gap. Several new retail businesses are scheduled to come online in FY 2010.

In order to avoid a property tax increase, the City Council froze salaries and reduced benefits. This action was consistent with a majority of Utah municipalities. Midvale City employees were supportive of these cost-saving measures. Other steps taken to reduce spending include redirecting state B&C Road Funds from capital improvements to street operations. No new programs were implemented, and department directors were instructed to keep costs at a minimum.

Midvale City continues to aggressively pursue federal and state grants. Grant revenue for FY 2010 exceeds grant revenue for FY 2009. The Federal Highway Administration has awarded \$4.8 million for construction of Bingham Junction Boulevard.

The City signed agreements with the Environmental Protection Agency in fiscal year 2005 allowing development to proceed on two super-fund sites (Jordan Bluffs south of 7800 South, and Bingham Junction north of 7800 South) on the west side of the City. The land on both sites (616 acres) is currently being prepared for use and developed. While it may still be several years before sales tax revenue is generated, we anticipate mixed use development on both sites with full build-out occurring by 2020, adding 5,000 - 7,000 to the City's population, and 200-500 businesses to our community.

Midvale City's Redevelopment Agency (RDA) will receive its first property tax distribution in FY 2010, estimated to be about \$900,000. These funds are restricted to use by the RDA and are not intended to supplement the General Fund.

The culinary water and sewer rate analysis completed in fiscal year 2005 recommended increasing rates for water and sewer by five percent each year, following an initial increase of six percent for water and eleven percent for sewer. The City Council approved the five percent increases for fiscal years 2009 and 2010. Midvale City's utility rates continue to be lower than average for the Wasatch Front.

In June of FY 2009, Midvale City acquired 3,000 water service accounts from Sandy City. These accounts represent Midvale residents living on the east side of Midvale City. The intent is to lower the cost of water service for these citizens as well as provide them with a forum for their concerns about the water system. Revenues for the Public Utilities Fund will double, but the City is striving to keep operational costs as low as possible, building up reserves for capital improvements.

REQUESTS FOR INFORMATION

This financial report is designed to give its readers a general overview of Midvale City Corporation's finances. Questions regarding any information contained in this report or requests for additional information should be addressed to the Director of Administrative Services, 655 W. Center Street, Midvale, Utah 84047.

MIDVALE CITY CORPORATION
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,739,421	\$ 1,340,777	\$ 3,080,198
Receivables (net of allowance for uncollectibles):			
Accounts and taxes	5,384,122	846,218	6,230,340
Due from other governments	664,805	65,556	730,361
Due from other fund	17,908	-	17,908
Loans	54,197	-	54,197
Prepays and deposits	482,685	259,372	742,057
Restricted cash	2,999,462	2,429,712	5,429,174
Equity investment in joint ventures	-	3,224,546	3,224,546
Land held for resale	150,130	-	150,130
Capital assets not being depreciated:			
Water stock	-	3,081,299	3,081,299
Land	60,886,628	115,062	61,001,690
Construction in progress	2,387,941	3,551,481	5,939,422
Capital assets, net of accumulated depreciation:			
Buildings	7,230,037	139,004	7,369,041
Improvements other than buildings	877,619	15,529,171	16,406,790
Equipment	3,730,858	55,292	3,786,150
Infrastructure	15,259,238	1,164,849	16,424,087
Deferred charges	190,475	274,869	465,344
Total assets	102,055,526	32,077,208	134,132,734
LIABILITIES			
Accounts payable	636,666	371,691	1,008,357
Accrued liabilities	873,570	33,182	906,752
Accrued interest payable	60,901	104,146	165,047
Due to other fund	-	17,908	17,908
Unearned revenue:			
Property taxes	4,154,996	-	4,154,996
Other	7,932	-	7,932
Noncurrent liabilities:			
Due within one year	687,570	263,747	951,317
Due in more than one year	5,879,082	10,274,862	16,153,944
Total liabilities	12,300,717	11,065,536	23,366,253
NET ASSETS			
Invested in capital assets, net of related debt	84,340,131	13,280,548	97,620,679
Restricted for:			
Cemetery perpetual care - expendable	19,577	-	19,577
Land held for resale	150,130	-	150,130
UTOPIA	621,930	-	621,930
Capital projects	2,377,532	2,429,712	4,807,244
Equity investment in joint ventures	-	3,224,546	3,224,546
Unrestricted	2,245,509	2,076,866	4,322,375
Total net assets	\$ 89,754,809	\$ 21,011,672	\$ 110,766,481

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

MIDVALE CITY CORPORATION
Statement of Activities
For the Year Ended June 30, 2009

Function/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities						
General government	\$ 4,720,539	\$ 1,236,915	\$ 633,482	\$ (2,850,142)	\$	\$ (2,850,142)
Public safety	9,957,777	1,450,565	452,500	(8,054,712)		(8,054,712)
Highways and public improvements	2,577,107	13,854	8,746,139	6,182,886		6,182,886
Parks, recreation and public property	743,423	32,700	3,956,840	3,246,117		3,246,117
Redevelopment	113,965	-	-	(113,965)		(113,965)
Interest on long-term debt	165,388	-	-	(165,388)		(165,388)
Total governmental activities	18,278,199	2,734,034	1,085,982	(1,755,204)	12,702,979	(1,755,204)
Business-type activities						
Utility	1,956,931	2,336,492	-	\$	379,561	379,561
Storm water	552,194	564,945	-		12,751	12,751
Sanitation	787,229	758,561	-	(28,668)		(28,668)
Ambulance	630,758	551,551	-	(79,207)		(79,207)
Total business-type activities	3,927,112	4,211,549	-	284,437	284,437	284,437
General Revenues:						
Taxes						
Property taxes				3,732,753		3,732,753
Sales taxes				4,975,837		4,975,837
Franchise taxes				2,322,687		2,322,687
Interest income				84,554	154,036	238,590
Equity investment income (loss)				-	(338,460)	(338,460)
Gain on sale and disposal of assets				154,878		154,878
Miscellaneous				73,551		73,551
Capital contributions from other government				-	10,544,902	10,544,902
Transfers - net				(5,000)	5,000	-
Total general revenue and transfers				11,339,260	10,365,478	21,704,738
Change in net assets				9,584,056	10,649,915	20,233,971
Net assets - beginning				80,170,753	10,361,757	90,532,510
Net assets - ending				\$ 89,754,809	\$ 21,011,672	\$ 110,766,481

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

MIDVALE CITY CORPORATION
Balance Sheet – Governmental Funds
June 30, 2009

	<u>Governmental Fund Types</u>				Total Governmental Funds
	General	Capital Projects	Redevelopment Agency	Other Governmental Funds	
ASSETS					
Cash and cash equivalents					
Unrestricted	\$ 303,964	\$ 153,335	\$ 79,569	\$ 19,577	\$ 556,445
Restricted	2,377,532	621,930	-	-	2,999,462
Due from other funds	398,877	-	-	-	398,877
Receivables, net:					
Accounts receivable	9,554	17,561	-	-	27,115
Taxes	4,478,007	-	879,000	-	5,357,007
Intergovernmental	664,805	-	-	-	664,805
Loans	-	-	54,197	-	54,197
Prepays	5,949	-	-	-	5,949
Deposits	47,297	-	-	-	47,297
Land held for resale	-	-	150,130	-	150,130
Total assets	\$ 8,285,985	\$ 792,826	\$ 1,162,896	\$ 19,577	\$ 10,261,284
LIABILITIES					
Accounts payable	\$ 175,743	\$ 418,784	\$ 428	\$ -	\$ 594,955
Accrued liabilities	855,350	2,875	3,525	-	861,750
Due to other funds	-	-	380,969	-	380,969
Unearned revenue:					
Property taxes	3,275,996	-	879,000	-	4,154,996
Loans receivable	-	-	9,247	-	9,247
Other	7,932	-	-	-	7,932
Total liabilities	4,315,021	421,659	1,273,169	-	6,009,849
FUND BALANCE					
Reserved for:					
Land held for resale	-	-	150,130	-	150,130
UTOPIA	-	621,930	-	-	621,930
Capital projects	2,377,532	-	-	-	2,377,532
Cemetery perpetual care	-	-	-	19,577	19,577
Unreserved, reported in:					
General fund	1,593,432	-	-	-	1,593,432
Special revenue funds	-	-	(260,403)	-	(260,403)
Capital projects funds	-	(250,763)	-	-	(250,763)
Total fund balances	3,970,964	371,167	(110,273)	19,577	4,251,435
Total liabilities and fund balances	\$ 8,285,985	\$ 792,826	\$ 1,162,896	\$ 19,577	\$ 10,261,284

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

MIDVALE CITY CORPORATION
Reconciliation of the Balance Sheet of Governmental Funds To The Statement of Net Assets
June 30, 2009

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

Total Fund Balances - Total Governmental Funds (page 18)	\$	4,251,435
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The cost of the assets is \$118,396,440 less the accumulated depreciation of \$28,024,119.		90,372,321
Other long-term assets are not available for current period expenditures and are therefore deferred in the funds balance sheet.		190,475
Interest on general obligation and lease revenue bonds is not accrued in governmental funds but rather is recognized as an expenditure when due.		(60,901)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(6,566,652)
Internal service funds are used by management to charge the costs of fleet maintenance to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets.		1,558,884
The Redevelopment Agency has deferred revenue for the loan receivables on the governmental funds balance sheet.		<u>9,247</u>
Net Assets - Governmental Activities (page 16)	\$	<u><u>89,754,809</u></u>

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

MIDVALE CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2009

	<u>Governmental Fund Types</u>				Total Governmental Funds
	General	Capital Projects	Redevelopment Agency	Other Governmental Funds	
<u>REVENUES</u>					
Taxes	\$ 11,031,277	\$ -	\$ -	\$ -	\$ 11,031,277
Licenses and permits	740,881	-	-	-	740,881
Intergovernmental	1,850,677	-	-	-	1,850,677
Charges for service	822,645	-	-	-	822,645
Fines and forfeitures	1,170,508	-	-	-	1,170,508
Lease revenue	-	-	-	42,285	42,285
Interest income	22,008	25,928	3,419	471	51,826
Miscellaneous	73,551	-	6,230	-	79,781
Total revenues	15,711,547	25,928	9,649	42,756	15,789,880
<u>EXPENDITURES</u>					
General government	4,368,584	-	-	-	4,368,584
Public safety	9,558,312	-	-	-	9,558,312
Highways and public improvements	1,003,184	-	-	-	1,003,184
Parks, recreation, and public property	646,397	-	-	-	646,397
Redevelopment	-	-	113,965	-	113,965
Capital outlay	-	1,751,950	-	-	1,751,950
Debt service:					
Principal	245,000	-	-	39,797	284,797
Interest	156,437	-	-	2,488	158,925
Total expenditures	15,977,914	1,751,950	113,965	42,285	17,886,114
Excess (deficiency) of revenues over (under) expenditures	(266,367)	(1,726,022)	(104,316)	471	(2,096,234)
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from bond issuance	2,453,699	-	-	-	2,453,699
Proceeds from sale of assets	4,863	-	-	-	4,863
Transfers in	-	491,040	-	-	491,040
Transfers out	(496,040)	-	-	-	(496,040)
Total other financing sources (uses)	1,962,522	491,040	-	-	2,453,562
Net change in fund balance	1,696,155	(1,234,982)	(104,316)	471	357,328
Fund balance at beginning of year	2,274,809	1,606,149	(5,957)	19,106	3,894,107
Fund balance at end of year	\$ 3,970,964	\$ 371,167	\$ (110,273)	\$ 19,577	\$ 4,251,435

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

MIDVALE CITY CORPORATION
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities (page 17) are different because:

Net change in fund balances - total governmental funds (page 20)	\$	357,328
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. This is the amount by which depreciation exceeded capital outlays in the current period.		(576,412)
The net effect of transactions involving capital assets through intergovernmental capital grants and donations that increase net assets.		11,938,284
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(6,230)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(2,096,978)
The net revenue of certain activities of the Internal Service Fund is reported with governmental activities.		61,117
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(93,053)
Change in net assets of governmental activities (page 17)	\$	<u><u>9,584,056</u></u>

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

MIDVALE CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Taxes	\$ 12,045,600	\$ 11,575,500	\$ 11,031,277	\$ (544,223)
Licenses and permits	681,300	692,100	740,881	48,781
Intergovernmental	1,783,800	2,162,500	1,850,677	(311,823)
Charges for services	1,010,100	843,700	822,645	(21,055)
Fines and forfeitures	1,200,000	1,186,300	1,170,508	(15,792)
Interest income	100,000	55,000	22,008	(32,992)
Miscellaneous	79,200	114,500	73,551	(40,949)
Total revenues	16,900,000	16,629,600	15,711,547	(918,053)
<u>EXPENDITURES</u>				
General government:				
City council	133,800	133,800	124,753	9,047
Court	672,600	666,600	638,625	27,975
General administration	469,000	467,500	457,445	10,055
Information technology	325,200	325,200	281,482	43,718
Finance	280,100	281,100	276,586	4,514
Recorder	240,200	245,200	216,787	28,413
City attorney	151,900	273,900	271,306	2,594
Non-departmental	221,800	672,200	314,108	358,092
Community and intergovernmental services	203,600	206,100	197,510	8,590
Employee services	240,600	250,600	220,258	30,342
Senior citizens	22,700	21,700	20,499	1,201
Community and economic development	1,560,900	1,534,100	1,349,225	184,875
Public safety:				
Police	5,745,300	5,765,300	5,716,305	48,995
Fire	3,918,400	3,879,700	3,842,007	37,693
Highways and public improvements	1,130,000	1,068,600	1,003,184	65,416
Parks, recreation and public property	777,200	671,400	646,397	25,003
Debt service:				
Principal	245,000	245,000	245,000	-
Interest	156,500	156,500	156,437	63
Total expenditures	16,494,800	16,864,500	15,977,914	886,586
Excess (deficiency) of revenues over (under) expenditures	405,200	(234,900)	(266,367)	(31,467)
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from bond issuance	-	2,453,700	2,453,699	(1)
Gain on sale of assets	6,000	6,000	4,863	(1,137)
Transfer out	(640,000)	(2,747,100)	(496,040)	2,251,060
Net change in fund balance	\$ (228,800)	\$ (522,300)	1,696,155	\$ 2,218,455
Fund balance at beginning of year			2,274,809	
Fund balance at end of year			\$ 3,970,964	

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

MIDVALE CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Redevelopment Agency
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Interest income	\$ 3,000	\$ 3,000	\$ 3,419	\$ 419
Miscellaneous	7,200	7,200	6,230	(970)
Total revenues	10,200	10,200	9,649	(551)
<u>EXPENDITURES</u>				
Redevelopment	128,900	178,900	113,965	64,935
Total expenditures	128,900	178,900	113,965	64,935
Excess (deficiency) of revenues over (under) expenditures	(118,700)	(168,700)	(104,316)	64,384
Net change in fund balance	\$ (118,700)	\$ (168,700)	(104,316)	\$ 64,384
Fund balance at beginning of year			(5,957)	
Fund balance at end of year			\$ (110,273)	

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

MIDVALE CITY CORPORATION
Statement of Net Assets – Proprietary Funds
June 30, 2009

	<u>Business-type Activities - Enterprise Funds</u>					Governmental Activities Internal Service Fund
	<u>Utility</u>	<u>Storm Water</u>	<u>Sanitation</u>	<u>Ambulance (non-major fund)</u>	<u>Total</u>	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 785,263	\$ 411,463	\$ 144,051	\$ -	\$ 1,340,777	\$ 1,182,976
Accounts receivable, net	431,345	97,525	154,585	162,763	846,218	-
Due from other government	65,556	-	-	-	65,556	-
Deposits	259,372	-	-	-	259,372	-
Prepays	-	-	-	-	-	429,439
Total current assets	1,541,536	508,988	298,636	162,763	2,511,923	1,612,415
Noncurrent assets:						
Restricted assets:						
Investment in South Valley Water Reclamation	2,183,118	-	-	-	2,183,118	-
Investment in Trans-Jordan Cities Landfill	-	-	1,041,428	-	1,041,428	-
Restricted cash (bond)	2,429,712	-	-	-	2,429,712	-
Unamortized bond issue costs	274,869	-	-	-	274,869	-
Capital assets:						
Land	115,062	-	-	-	115,062	-
Water stock	3,081,299	-	-	-	3,081,299	-
Construction in progress	3,382,321	169,160	-	-	3,551,481	-
Buildings, net	139,004	-	-	-	139,004	-
Improvements, net	15,529,171	-	-	-	15,529,171	-
Automobiles, net	-	-	-	-	-	2,392,160
Machinery and equipment, net	55,292	-	-	-	55,292	316,226
Infrastructure, net	-	1,164,849	-	-	1,164,849	-
Total noncurrent assets	27,189,848	1,334,009	1,041,428	-	29,565,285	2,708,386
Total assets	\$ 28,731,384	\$ 1,842,997	\$ 1,340,064	\$ 162,763	\$ 32,077,208	\$ 4,320,801

(Continued)

MIDVALE CITY CORPORATION
Statement of Net Assets – Proprietary Funds (Continued)
June 30, 2009

	<u>Business-type Activities - Enterprise Funds</u>					Governmental Activities Internal Service Fund
	Utility	Storm Water	Sanitation	Ambulance (non-major fund)	Total	
<u>LIABILITIES</u>						
Current liabilities:						
Accounts payable	\$ 304,139	\$ 3,183	\$ 58,001	\$ 6,368	\$ 371,691	\$ 41,711
Salaries and benefits payable	21,888	9,302	1,992	-	33,182	5,919
Accrued liabilities	37,091	22,577	4,224	-	63,892	4,721
Accrued interest payable	104,146	-	-	-	104,146	-
Due to other funds	-	-	-	17,908	17,908	-
Equipment lease payable	39,855	-	-	-	39,855	-
Bonds payable	160,000	-	-	-	160,000	-
Total current liabilities	667,119	35,062	64,217	24,276	790,674	52,351
Noncurrent liabilities:						
Customer deposits	5,119	-	-	-	5,119	-
Accrued liabilities	9,273	5,644	1,056	-	15,973	1,180
Equipment lease payable	151,755	-	-	-	151,755	-
Bonds payable	10,004,000	-	-	-	10,004,000	-
Unamortized bond premium	98,015	-	-	-	98,015	-
Total noncurrent liabilities	10,268,162	5,644	1,056	-	10,274,862	1,180
Total liabilities	10,935,281	40,706	65,273	24,276	11,065,536	53,531
<u>NET ASSETS</u>						
Invested in capital assets, net of related debt	11,946,539	1,334,009	-	-	13,280,548	2,708,386
Restricted for:						
Equity investment in joint ventures	2,183,118	-	1,041,428	-	3,224,546	-
Capital projects	2,429,712	-	-	-	2,429,712	-
Unrestricted	1,236,734	468,282	233,363	138,487	2,076,866	1,558,884
Total net assets	17,796,103	1,802,291	1,274,791	138,487	21,011,672	4,267,270
Total liabilities and net assets	\$ 28,731,384	\$ 1,842,997	\$ 1,340,064	\$ 162,763	\$ 32,077,208	\$ 4,320,801

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

MIDVALE CITY CORPORATION
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds
For the Year Ended June 30, 2009

	<u>Business-type Activities - Enterprise Funds</u>					<u>Governmental</u>
	<u>Utility</u>	<u>Storm Water</u>	<u>Sanitation</u>	<u>Ambulance (non-major fund)</u>	<u>Total</u>	<u>Activities Internal Service Fund</u>
<u>OPERATING REVENUES</u>						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,300,100
Water sales	1,381,576	-	-	-	1,381,576	-
Sewer charges	675,356	-	-	-	675,356	-
Storm water charges	-	553,239	-	-	553,239	-
Sanitation charges	-	-	765,949	-	765,949	-
Transport charges	-	-	-	551,551	551,551	-
Other	279,560	11,706	(7,388)	-	283,878	-
Total operating revenues	2,336,492	564,945	758,561	551,551	4,211,549	1,300,100
<u>OPERATING EXPENSES</u>						
Salaries and wages	438,640	233,265	47,872	220,200	939,977	140,786
Employee benefits	187,780	86,828	16,415	118,600	409,623	64,456
Administration	305,746	102,255	75,869	167,572	651,442	174,880
Supplies	40,312	14,138	-	54,507	108,957	338,010
Repairs and maintenance	109,957	64,484	10,300	69,879	254,620	52,658
Waste disposal	-	-	636,773	-	636,773	-
Depreciation and amortization	302,648	51,224	-	-	353,872	650,936
Water treatment	400,944	-	-	-	400,944	-
Total operating expenses	1,786,027	552,194	787,229	630,758	3,756,208	1,421,726
Operating income (loss)	550,465	12,751	(28,668)	(79,207)	455,341	(121,626)
<u>NON-OPERATING REVENUES (EXPENSES)</u>						
Interest income	138,821	11,527	3,688	-	154,036	32,728
Interest expense	(170,904)	-	-	-	(170,904)	-
Equity investment gain/(loss)	(295,918)	-	(42,542)	-	(338,460)	-
Gain on disposal	-	-	-	-	-	150,015
Total nonoperating revenues (expenses)	(328,001)	11,527	(38,854)	-	(355,328)	182,743
Income before transfers and contributions	222,464	24,278	(67,522)	(79,207)	100,013	61,117
Transfers in	-	-	-	5,000	5,000	-
Capital contributions	10,544,902	-	-	-	10,544,902	-
Change in net assets	10,767,366	24,278	(67,522)	(74,207)	10,649,915	61,117
Total net assets - beginning	7,028,737	1,778,013	1,342,313	212,694	10,361,757	4,206,153
Total net assets - ending	\$ 17,796,103	\$ 1,802,291	\$ 1,274,791	\$ 138,487	\$ 21,011,672	\$ 4,267,270

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

MIDVALE CITY CORPORATION
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds					Governmental
	Utility	Storm Water	Sanitation	Ambulance (non-major fund)	Total	Activities Internal Service Fund
Cash flows from operating activities						
Receipts from customers	\$ 1,825,733	\$ 570,091	\$ 773,391	\$ 589,430	\$ 3,758,645	\$ -
Receipts from interfund services	-	-	-	-	-	1,300,100
Payments to suppliers	(835,290)	(259,194)	(664,162)	(216,924)	(1,975,570)	(997,054)
Payments to interfund services	(148,800)	(53,100)	(58,800)	(60,100)	(320,800)	-
Payments to employees	(618,024)	(317,471)	(66,154)	(338,800)	(1,340,449)	(205,815)
Net cash provided (used) by operating activities	223,619	(59,674)	(15,725)	(26,394)	121,826	97,231
Cash flows from noncapital financing activities						
Transfers from other funds	-	-	-	5,000	5,000	-
Net cash provided by noncapital financing activities	-	-	-	5,000	5,000	-
Cash flows from capital and related financing activities						
Purchase of capital assets	(6,411,407)	(120,065)	-	-	(6,531,472)	(519,561)
Proceeds from sale of capital assets	-	-	-	-	-	325,431
Proceeds from issuance of debt	2,045,000	-	-	-	2,045,000	-
Principal paid on capital debt	(188,402)	-	-	-	(188,402)	-
Interest paid on capital debt	(163,042)	-	-	-	(163,042)	-
Bond issuance costs paid	(98,930)	-	-	-	(98,930)	-
Net cash provided by (used in) capital and related financing activities	(4,816,781)	(120,065)	-	-	(4,936,846)	(194,130)
Cash flows from investing activities						
Interest received	138,821	11,527	3,688	-	154,036	32,728
Investments in joint ventures	(351,653)	-	-	-	(351,653)	-
Net cash provided by investing activities	(212,832)	11,527	3,688	-	(197,617)	32,728
Net increase (decrease) in cash and cash equivalents	(4,805,994)	(168,212)	(12,037)	(21,394)	(5,007,637)	(64,171)
Cash and cash equivalents, beginning of year	8,020,969	579,675	156,088	21,394	8,778,126	1,247,147
Cash and cash equivalents, end of year	\$ 3,214,975	\$ 411,463	\$ 144,051	\$ -	\$ 3,770,489	\$ 1,182,976
Unrestricted cash	\$ 785,263	\$ 411,463	\$ 144,051	\$ -	\$ 1,340,777	\$ 1,182,976
Restricted cash	2,429,712	-	-	-	2,429,712	-
	\$ 3,214,975	\$ 411,463	\$ 144,051	\$ -	\$ 3,770,489	\$ 1,182,976

(Continued)

MIDVALE CITY CORPORATION
Statement of Cash Flows – Proprietary Funds (Continued)
For the Year Ended June 30, 2009

	<u>Business-type Activities - Enterprise Funds</u>					<u>Governmental Activities Internal Service Fund</u>
	<u>Utility</u>	<u>Storm Water</u>	<u>Sanitation</u>	<u>Ambulance (non-major fund)</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 550,465	\$ 12,751	\$ (28,668)	\$ (79,207)	\$ 455,341	\$ (121,626)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	302,648	51,224	-	-	353,872	650,936
Changes in assets and liabilities:						
Accounts receivable	(252,330)	4,675	14,594	37,879	(195,182)	-
Deposits	(259,372)	-	-	-	(259,372)	-
Prepays	943	471	236	-	1,650	(428,968)
Accounts payable	(125,730)	(131,417)	(20)	14,934	(242,233)	(2,538)
Accrued liabilities	8,756	2,622	(1,867)	-	9,511	(573)
Customer deposits	(1,761)	-	-	-	(1,761)	-
Net cash provided (used) by operating activities	<u>\$ 223,619</u>	<u>\$ (59,674)</u>	<u>\$ (15,725)</u>	<u>\$ (26,394)</u>	<u>\$ 121,826</u>	<u>\$ 97,231</u>
Capital and related financing activities not affecting cash:						
Other government contribution of capital assets	<u>\$ 10,544,902</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,544,902</u>	<u>\$ -</u>

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

MIDVALE CITY CORPORATION
Notes to the Financial Statements
June 30, 2009

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.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

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.

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.

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the 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 another 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.

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

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

The Redevelopment Agency Special Revenue Fund is used to account for financial resources to be used for the re-vitalization of blighted areas within the City.

The City reports the following major proprietary funds:

The Utility Fund accounts for the activities of the City's water distribution system and sewer operations.

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

The Sanitation Fund accounts for the activities of the City's sanitation collection operations.

Additionally, the City reports the following funds types:

Special Revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for general and special revenue funds are identical. The City accounts for the Midvale City Municipal Building Authority in special revenue funds.

The Cemetery Fund accounts for the provision of cemetery services at the City's cemetery. This fund is accounted for as a governmental fund.

The Internal Service Fund accounts for fleet management services provided to other departments or agencies of the government, on a cost reimbursement basis.

The Ambulance Fund (proprietary fund) accounts for the activities of the City's ambulance service operations.

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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. 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 non-operating revenues and expenses.

Assets, Liabilities, and Net Assets or Equity

Cash, Deposits and Investments Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The State Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

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".

Ambulance fund accounts receivable are stated at billed charges less the estimated amount determined by the City's historical losses on insurance claims, Medicare adjustments, and the financial stability of its citizens.

Other receivables at June 30, 2009, consist of property tax, franchise tax, sales tax, grants and accounts (billings for user charged services, including unbilled utility services). Taxes and grants are deemed collectible in full. The allowance for doubtful proprietary account receivables at June 30, 2009 is \$238,221.

Receivables not expected to be collected within the subsequent year include loans in the Redevelopment Agency special revenue fund.

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

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.

Capital Assets Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns 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 are recorded at estimated fair market value at 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. The City amended its Retirement Health Savings Plan in June, 2008. At the end of the first full pay period in January, 50% of accrued sick leave in excess of 480 hours (720 hours for firefighters) 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 120 hours (156 hours for firefighters) 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.

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

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, discounts, and issuance costs 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 is 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.

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.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

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

Capital related items:

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

Cost of capital assets	\$ 118,396,440
Accumulated depreciation	<u>(28,024,119)</u>
Total difference	<u><u>\$ 90,372,321</u></u>

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2009 were:

General Obligation bonds	\$ 3,515,000
Excise tax revenue bonds	2,335,000
Bond issuance premiums	182,190
Interest payable on long-term debt	60,901
Compensated absences	<u>534,462</u>
Total difference	<u><u>\$ 6,627,553</u></u>

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

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

Capital outlay	\$ 1,328,205
Depreciation expense	<u>1,904,617</u>
Net difference, as reported	<u><u>\$ (576,412)</u></u>

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Prior to May 1, the City Recorder 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 22, the City Council reviews and adjusts the proposed budget. On or before June 22, a public hearing is held and the budget is legally adopted through passage of a resolution.

After the budget is adopted, the City Administrator 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 City Council may increase the budget of the General Fund by resolution or a public hearing.

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

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

Tax Revenues

Property taxes are collected by the Salt Lake County Treasurer and remitted to the City in five to six installments in November, December, and January of each fiscal year and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of delinquent current and prior year's property taxes beyond that which was received within 60 days after fiscal year end has not been made, as the amounts are not deemed to be material. An accrual for current year property taxes estimated to be collected the following November and December is made each year.

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has been made for fees due and payable to the City at June 30th.

4. DETAILED NOTES FOR ALL FUNDS

Cash and Investments

Deposits and investments for the City are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

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's policy for managing custodial credit risk is to adhere to the 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. As of June 30, 2009, all of the City's bank balance was insured under FDIC guidelines. Effective October 15, 2008, the federal deposits insurance corporation (FDIC) increased its insured cash amount from \$100,000 to \$250,000.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The City is authorized to invest in the Utah Public Treasurer's Investment fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balances.

As of June 30, 2009, the City had investments of \$2,720,837 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

The deposits and investments described above are included on the government-wide statement of net assets as follows:

Cash and cash equivalents	\$ 3,080,198
Restricted cash	<u>5,429,174</u>
	<u><u>\$ 8,509,372</u></u>

Receivables

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

Governmental Funds

	General	Capital Projects	RDA	Total
Receivables:				
Taxes	\$ 4,478,007	\$ -	\$ 879,000	\$ 5,357,007
Accounts and other	20,388	17,561	54,197	92,146
Intergovernmental	<u>664,805</u>	<u>-</u>	<u>-</u>	<u>664,805</u>
Gross receivables	5,163,200	17,561	933,197	6,113,958
Less: allowance for uncollectibles	<u>(10,834)</u>	<u>-</u>	<u>-</u>	<u>(10,834)</u>
Net total receivables	<u><u>\$ 5,152,366</u></u>	<u><u>\$ 17,561</u></u>	<u><u>\$ 933,197</u></u>	<u><u>\$ 6,103,124</u></u>

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Receivables (Continued)

Business-type Funds

	Utility	Storm Water	Sanitation	Nonmajor Funds	Total
Receivables:					
Accounts and other	\$ 431,345	\$ 99,525	\$ 156,585	\$ 396,984	\$ 1,084,439
Intergovernmental	65,556	-	-	-	65,556
Gross receivables	496,901	99,525	156,585	396,984	1,149,995
Less: allowance for uncollectibles	-	(2,000)	(2,000)	(234,221)	(238,221)
Net total receivables	<u>\$ 496,901</u>	<u>\$ 97,525</u>	<u>\$ 154,585</u>	<u>\$ 162,763</u>	<u>\$ 911,774</u>

Land Held For Resale

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

Loans Receivable

The City makes low cost building rehabilitation loans to businesses in downtown Midvale city. The loans are accounted for in the Redevelopment Agency (a special revenue fund). When possible, the loans are secured by the property being rehabilitated. At June 30, 2009, the portfolio contained a single loan with an outstanding balance of \$9,247. The terms of the loan are for ten years with an interest rate of 8%, with scheduled payments of \$604 per month, including interest.

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Loans Receivable (Continued)

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

	<u>Unavailable</u>	<u>Unearned</u>
Notes receivable (RDA Fund)	\$ 9,247	\$ -
Property taxes receivable (General Fund)	4,154,996	-
Various prepayments received (General Fund)	<u>-</u>	<u>7,932</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 4,164,243</u>	<u>\$ 7,932</u>

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>07/01/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/09</u>
<u>Governmental activities</u>				
Capital assets, not depreciated:				
Land	\$ 51,956,221	\$ 8,930,407	\$ -	\$ 60,886,628
Construction in progress	-	2,387,941	-	2,387,941
Total capital assets, not depreciated	<u>51,956,221</u>	<u>11,318,348</u>	<u>-</u>	<u>63,274,569</u>
Capital assets, depreciated:				
Buildings	9,760,314	-	-	9,760,314
Improvements other than buildings	511,130	615,284	-	1,126,414
Infrastructure	34,611,295	1,228,674	(17,000)	35,822,969
Machinery and equipment	8,824,012	640,744	(1,052,582)	8,412,174
Total capital assets, depreciated	<u>53,706,751</u>	<u>2,484,702</u>	<u>(1,069,582)</u>	<u>55,121,871</u>
Accumulated depreciation:				
Buildings	(2,334,070)	(196,207)	-	(2,530,277)
Improvements other than buildings	(210,262)	(38,533)	-	(248,795)
Infrastructure	(19,118,854)	(1,444,877)	-	(20,563,731)
Machinery and equipment	(4,682,546)	(875,936)	877,166	(4,681,316)
Total accumulated depreciation	<u>(26,345,732)</u>	<u>(2,555,553)</u>	<u>877,166</u>	<u>(28,024,119)</u>
Total capital assets, depreciated (net)	<u>27,361,019</u>	<u>(70,851)</u>	<u>(192,416)</u>	<u>27,097,752</u>
Net governmental capital assets	<u>\$ 79,317,240</u>	<u>\$ 11,247,497</u>	<u>\$ (192,416)</u>	<u>\$ 90,372,321</u>

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

	<u>07/01/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/09</u>
<u>Business-type activities</u>				
Capital assets, not depreciated:				
Water stock and rights	\$ 159,515	\$ 2,921,784	\$ -	\$ 3,081,299
Land	4,728	110,334	-	115,062
Construction in progress	1,178,613	3,338,490	(965,622)	3,551,481
Total capital assets, not depreciated	1,342,856	6,370,608	(965,622)	6,747,842
Capital assets, depreciated:				
Buildings	160,637	26,098	-	186,735
Improvements other than buildings				
Water	6,733,581	9,752,228	-	16,485,809
Sewer	1,095,866	1,613,891	-	2,709,757
Infrastructure	1,746,050	251,638	-	1,997,688
Machinery and equipment	131,709	27,533	-	159,242
Total capital assets, depreciated	9,867,843	11,671,388	-	21,539,231
Accumulated depreciation:				
Buildings	(43,422)	(4,309)	-	(47,731)
Improvements other than buildings				
Water	(3,330,317)	(244,052)	-	(3,574,369)
Sewer	(58,099)	(33,927)	-	(92,026)
Infrastructure	(781,615)	(51,224)	-	(832,839)
Machinery and equipment	(95,610)	(8,340)	-	(103,950)
Total accumulated depreciation	(4,309,063)	(341,852)	-	(4,650,915)
Total capital assets, depreciated (net)	5,558,780	11,329,536	-	16,888,316
Net business-type capital assets	\$ 6,901,636	\$ 17,700,144	\$ (965,622)	\$ 23,636,158

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

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

Governmental activities:

General government	\$ 180,897
Public safety	828,032
Highways and public improvements	1,449,598
Parks, recreation, and public property	97,026
Total depreciation expense - governmental activities	\$ 2,555,553

Business-type activities:

Utility	\$ 256,701
Storm water	51,224
Sewer	33,927
Total depreciation expense - business-type activities	\$ 341,852

Investments In And Advances To Joint Ventures

South Valley Water Reclamation Facility The Utility fund has a 6.78% ownership in the South Valley Water Reclamation Facility (SVWRF) which is accounted for by the equity method. SVWRF, a separate legal entity and political subdivision of the State of Utah, was formed pursuant to the provisions of the Interlocal Cooperation Act. SVWRF's membership is comprised of two municipalities and three suburban sanitary improvement districts. In addition to the City, the members consist of West Jordan City, South Valley Sewer District, Sandy Suburban Improvement District and Midvalley Improvement District which have ownership interests of 28.22%, 34.72%, 20.17% and 10.11%, respectively. SVWRF was formed to construct, operate and maintain a regional sewage treatment facility.

In July 2005, the Facility issued Utah Sewer Revenue Bonds, Series 2005 for \$19,425,000. Annual principal payments began August 15, 2006, semiannual interest payments began on February 15, 2006 and are scheduled to be made February 15 and August 15 each year until maturity, at an interest rate of 3.50% to 5.00%. The bonds mature on August 15, 2030. The proceeds from the sale of the Series 2005 Bonds are being used to (i) finance a portion of the costs of construction of certain improvements to the Facility, including the expansion of the capacity of the sewer treatment plant, and (ii) pay certain costs associated with the issuance of the Series 2005 bonds.

The total debt service for the issued bonds is for two entities' (Midvale and West Jordan) obligation for their share of the expansion of the treatment plant. These two entities are billed monthly for principal and interest obligations for their share of debt service requirements. Midvale City's share of the principal balance at June 30, 2009 of \$18,032,000 is \$1,948,000.

The Midvale City Council approved, by resolution, recognition of the obligation for the 2005 sewer revenue bonds issued by SVWRF and to appropriate and pay the debt service obligations.

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

SVWRF is governed by its board of directors. Under the organization agreement, each of the five members is entitled to appoint one of SVWRF's five directors. The management is under the Board of Directors, which elects officers and appoints the management staff. During the year ended June 30, 2009, the City contributed capital of \$351,654 to the facility and recorded a \$295,918 loss on joint venture.

The complete financial statements for South Valley Water Reclamation Facility for the year ended December 31, 2008 can be obtained from the South Valley Water Reclamation Facility at 7495 South 1300 West, West Jordan, UT 84084.

Trans-Jordan Cities Landfill The Utility fund has a 5.75% ownership in the Trans-Jordan Cities Landfill which is accounted for by the equity method. In addition to Midvale City, the Trans-Jordan Cities Landfill is owned by the cities of Murray, Sandy, South Jordan, West Jordan, Draper, and Riverton which own 8.79%, 31.73%, 11.28%, 25.08%, 8.42% and 8.95% of the landfill, respectively. Trans-Jordan Cities Landfill is a separate legal entity and political subdivision of the State of Utah and was formed pursuant to the provisions of the Interlocal Cooperation Act. The City has no firm commitment to make additional equity investments in the Trans-Jordan Cities Landfill.

Trans-Jordan Cities Landfill was formed to construct, operate and maintain a refuse dumping facility. Trans-Jordan is governed by its Board of Directors. Under the organization agreement, the board of directors is appointed by the members. The management is under the board of directors, which elects officers and appoints the management staff. During the year ended June 30, 2009, the City contributed capital of \$-0-, recorded a \$42,542 equity in loss of joint venture, and increased its participating interest by the same amount, resulting in a net decrease in its investment of the facility to \$42,542.

The complete financial statements for Trans-Jordan Cities Landfill for the year ended June 30, 2009 can be obtained from the Trans-Jordan Landfill offices, 10873 South 7200 West, South Jordan, UT 84095.

InterLocal Agreements

Valley Emergency Communications Center The City is a member of Valley Emergency Communications Center (the Center). The Center was organized June 30, 1988, as a joint enterprise between the City, Murray City, Salt Lake County, Sandy City, South Jordan City, West Jordan City and West Valley City. The primary purpose of the Center 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.

The Center is governed by a Board of Trustees consisting of one representative from each member appointed by the governing body thereof. The Center's 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. The Center 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 5885 West, West Valley City, UT 84118.

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

InterLocal Agreements (Continued)

Utah Telecommunications Open Infrastructure Network The City is one of 11 founding members of the Utah Telecommunications Open Infrastructure Network (UTOPIA), 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 and 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, 2008 the net assets deficit was \$(75,210,847). The audited financial statements for UTOPIA as of June 30, 2009 have not been released; however, unaudited financials indicate a significant net assets deficit.

The City is a pledging member who has pledged sales and use tax revenues to partially guarantee payment of UTOPIA's bonds. In return for the pledge, the City will be among the first cities to receive UTOPIA's services. In July 2004 UTOPIA issued an \$85,000,000 revenue bond. The first four years of bond payments will be made from a debt reserve fund. From that point on, until the bonds are due in July 2026, net revenues from UTOPIA will reimburse the debt service 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. The City's percentage of the Debt Service Reserve shortfall is 6.03% with a yearly liability limited set at a maximum of \$621,930. Any bonds or debt issued or incurred by UTOPIA will not constitute debt of the City.

On July 1, 2007, the City was required to deposit \$608,337 into the UTOPIA Series 2004 Bond Debt Service Reserve Fund. These funds will remain on deposit until the sooner of the bonds being retired or 20 years from July 1, 2007. The City will be required to deposit additional funds if additional bonds are issued. To the extent that the initial projects operate profitably, UTOPIA has plans on issuing a total of \$340,000,000 in bonds.

Interfund Receivable, Payables and Transfers

At June 30, 2009, interfund balances due to or from other funds was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Redevelopment agency	\$ 380,969
	Nonmajor proprietary funds	\$ 17,908
		<u>\$ 398,877</u>

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Interfund Receivable, Payables and Transfers (Continued)

In addition to the above amounts which will be repaid by the respective funds, transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2009 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General	Major capital projects fund	\$ 491,040
	Nonmajor enterprise fund	<u>5,000</u>
		<u>\$ 496,040</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and are pledged by the full faith and credit of the City. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Bond Description</u>	<u>Original Issue</u>	<u>Annual Principal</u>	<u>Interest Rate</u>	<u>Final Due Date</u>	<u>Amount at 6/30/09</u>
Public Safety Series 1999	\$ 5,000,000	\$215,000 to \$240,000	4.65% to 5.00%	9/15/2009	\$ 240,000
Public Safety Series 2005	<u>3,370,000</u>	\$20,000 to \$395,000	3.00% to 5.00%	9/15/2019	<u>3,275,000</u>
	<u>\$ 8,370,000</u>				<u>\$ 3,515,000</u>

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

General Obligation Bonds (Continued)

General obligation bond debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 260,000	\$ 150,225	\$ 410,225
2011	270,000	133,420	403,420
2012	280,000	124,205	404,205
2013	290,000	113,645	403,645
2014	300,000	101,845	401,845
2015 - 2019	1,720,000	276,783	1,996,783
2020	395,000	8,295	403,295
	<u>\$3,515,000</u>	<u>\$ 908,418</u>	<u>\$ 4,423,418</u>

Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds. During the year ended June 30, 2009, the City issued revenue bonds for \$2,335,000. Proceeds from this issuance will be used for various construction projects relating to water storage and pipeline upgrades primarily on the east-west corridors of the City. In addition, the City plans to implement an automated meter-reader system on water meters throughout the City.

Revenue bonds outstanding at June 30, 2009 by issue are as follows:

<u>Bond Description</u>	<u>Original Issue</u>	<u>Annual Principal</u>	<u>Interest Rate</u>	<u>Final Due Date</u>	<u>Amount at 6/30/09</u>
Excise Tax Series 2009	\$ 2,335,000	\$225,000 to \$300,000	4.00% to 5.00%	4/1/2027	\$ 2,335,000
Water and Sewer Series 2007	1,619,000	\$66,000 to \$131,000	4.35%	4/1/2027	1,619,000
Water and Sewer Series 2007B	6,650,000	\$150,000 to \$435,000	4.50% to 5.00%	10/1/2032	6,500,000
Water and Sewer Series 2007C	2,045,000	\$208,000 to \$303,000	2.00%	10/1/2029	2,045,000
	<u>\$12,649,000</u>				<u>\$12,499,000</u>

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds (Continued)

Revenue bond debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 160,000	\$ 483,454	\$ 643,454
2011	664,000	474,601	1,138,601
2012	686,000	455,850	1,141,850
2013	703,000	436,568	1,139,568
2014	731,000	416,536	1,147,536
2015 - 2019	4,082,000	1,364,732	5,446,732
2020 - 2024	1,856,000	998,398	2,854,398
2025 - 2029	2,002,000	579,681	2,581,681
2030 - 2033	1,615,000	150,188	1,765,188
	<u>\$ 12,499,000</u>	<u>\$ 5,360,008</u>	<u>\$ 17,859,008</u>

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>07/01/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/09</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
MBA lease revenue	\$ 39,797	\$ -	\$ (39,797)	\$ -	\$ -
Excise tax revenue	-	2,335,000	-	2,335,000	-
General obligation	3,760,000	-	(245,000)	3,515,000	260,000
Add: unamortized premium	71,909	118,699	(8,418)	182,190	-
Total bonds payable	<u>3,871,706</u>	<u>2,453,699</u>	<u>(293,215)</u>	<u>6,032,190</u>	<u>260,000</u>
Compensated absences	<u>456,290</u>	<u>261,886</u>	<u>(183,714)</u>	<u>534,462</u>	<u>427,570</u>
Governmental activities, long-term liabilities	<u>\$ 4,327,996</u>	<u>\$ 2,715,585</u>	<u>\$ (476,929)</u>	<u>\$ 6,566,652</u>	<u>\$ 687,570</u>
<u>Business-type activities</u>					
Bonds payable:					
Water and Sewer	\$ 8,269,000	\$ 2,045,000	\$ (150,000)	\$ 10,164,000	\$ 160,000
Add: unamortized premium	102,142	-	(4,127)	98,015	-
Total bonds payable	<u>8,371,142</u>	<u>2,045,000</u>	<u>(154,127)</u>	<u>10,262,015</u>	<u>160,000</u>
Capital leases	230,012	-	(38,402)	191,610	39,855
Compensated absences	<u>81,389</u>	<u>42,025</u>	<u>(38,430)</u>	<u>84,984</u>	<u>63,892</u>
Business-type activities, long-term liabilities	<u>\$ 8,682,543</u>	<u>\$ 2,087,025</u>	<u>\$ (230,959)</u>	<u>\$ 10,538,609</u>	<u>\$ 263,747</u>

Compensated absences for governmental activities are generally liquidated by the general fund.

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities (Continued)

The following is a schedule by years of the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2009:

Year Ending June 30,	Business-type Activities Fluoridation Equipment Lease
2010	\$ 46,671
2011	46,671
2012	46,671
2013	46,671
2014	23,336
	210,020
Total minimum lease payments	210,020
Less: amount representing interest	(18,410)
	\$ 191,610

Other Information

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, 2009 there were no outstanding unpaid claims. Also, the City had no claim settlements during the three years ending June 30, 2009 which exceeded its insurance coverage.

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

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information (Continued)

Redevelopment Agency In connection with the activities of the Redevelopment Agency (RDA), incremental deferred tax revenues totaling \$879,000 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies.

During the year ended June 30, 2009, funds expended by the RDA were limited to the categories of capital outlay and administration costs. Administrative costs totaled \$113,965, and capital outlay expenditures totaled \$0.

Employee Retirement Systems and Pension Plans The City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, the Public Safety Retirement System for Employers with Social Security Coverage and the Firefighters Retirement System (hereafter referred to cumulatively as the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. URS issues a publicly available financial report that includes financial statements and required supplementary information for the Systems.

A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer for the employee) to the respective systems to which they belong; 6.00% to the Local Government Contributory Retirement System, 12.29% to the Public Safety Retirement System for employers with Social Security coverage, and 13.14% to the Firefighters Retirement System, respectively.

The City is required to contribute a percent of members' annual covered salary to the respective systems; 7.61% to the Local Government Contributory Retirement System (11.62% to the related Noncontributory Retirement System), 11.22% to the Public Safety Retirement System for employers with Social Security coverage (22.61% to the related Noncontributory Retirement System) and 13.14% to the Firefighters Retirement System. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

MIDVALE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2009

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information (Continued)

The City's contributions in dollars to each of the Systems for the years ending June 30, 2009, 2008 and 2007, were equal to the required contributions for each year. The contribution amounts are as follows:

	2009	2008	2007
Local Governmental Contributory Retirement System	\$ -	\$ 3,419	\$ 5,387
Local Governmental Noncontributory Retirement System	386,454	361,523	323,499
Public Safety Retirement System for Employers with Social Security Coverage	420,714	416,314	379,614
Firefighters Retirement System	233,703	194,073	158,068

Deferred Compensation Plan

Under the URS, the City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City's contributions to the 457 Deferred Compensation Plan were \$132,008, \$160,903, and \$181,024 for the years ended June 30, 2009, 2008 and 2007, respectively.

401 Retirement Plan

The City also contributes to the International City Management Association (ICMA) Section 401 Qualified Retirement Plan, on behalf of each employee, the difference between the prescribed amount to the state defined benefit contribution rate and the total contribution benefit of 15.55% of earnings. The City's contributions to the ICMA 401 plan were \$288,233, \$267,716, and \$246,100 for the years ended June 30, 2009, 2008 and 2007, respectively.

SUPPLEMENTAL INFORMATION

MIDVALE CITY CORPORATION
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2009

	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Municipal Building Authority</u>	<u>Cemetery</u>	
<u>ASSETS</u>			
Cash and investments	\$ -	\$ 19,577	\$ 19,577
Total assets	<u>\$ -</u>	<u>\$ 19,577</u>	<u>\$ 19,577</u>
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>FUND BALANCE</u>			
Reserved for:			
Cemetery perpetual care - expendable	-	19,577	19,577
Total fund balance	<u>-</u>	<u>19,577</u>	<u>19,577</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 19,577</u>	<u>\$ 19,577</u>

MIDVALE CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Municipal Building Authority</u>	<u>Cemetery</u>	
<u>REVENUES</u>			
Leases	\$ 42,285	\$ -	\$ 42,285
Interest income	-	471	471
Total revenues	42,285	471	42,756
<u>EXPENDITURES</u>			
Debt service:			
Principal	39,797	-	39,797
Interest	2,488	-	2,488
Total expenditures	42,285	-	42,285
Net change in fund balance	-	471	471
Fund balance, beginning of year	-	19,106	19,106
Fund balance, end of year	\$ -	\$ 19,577	\$ 19,577

MIDVALE CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Capital Projects Fund (Major Fund)
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Interest income	\$ 50,000	\$ 50,000	\$ 25,928	\$ (24,072)
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>25,928</u>	<u>(24,072)</u>
<u>EXPENDITURES</u>				
Capital outlay	1,619,700	3,714,800	1,751,950	1,962,850
Total expenditures	<u>1,619,700</u>	<u>3,714,800</u>	<u>1,751,950</u>	<u>1,962,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,569,700)</u>	<u>(3,664,800)</u>	<u>(1,726,022)</u>	<u>1,938,778</u>
<u>OTHER FINANCING SOURCES</u>				
Transfer in	1,586,100	3,664,800	491,040	(3,173,760)
Transfer out	(16,400)	-	-	-
Total other financing sources	<u>1,569,700</u>	<u>3,664,800</u>	<u>491,040</u>	<u>(3,173,760)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,234,982)</u>	<u>\$ (1,234,982)</u>
Fund balance at beginning of year			<u>1,606,149</u>	
Fund balance at end of year			<u>\$ 371,167</u>	

MIDVALE CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Municipal Building Authority
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Leases	\$ 42,300	\$ 42,300	\$ 42,285	\$ (15)
Total revenues	<u>42,300</u>	<u>42,300</u>	<u>42,285</u>	<u>(15)</u>
<u>EXPENDITURES</u>				
Debt service:				
Principal	39,800	39,800	39,797	3
Interest	2,500	2,500	2,488	12
Total expenditures	<u>42,300</u>	<u>42,300</u>	<u>42,285</u>	<u>15</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			<u>\$ -</u>	

MIDVALE CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Cemetery Perpetual Care
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Interest income	\$ 1,000	\$ 1,000	\$ 471	\$ (529)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>471</u>	<u>(529)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 1,000</u>	<u>\$ 1,000</u>	471	<u>\$ (529)</u>
Fund balance at beginning of year			<u>19,106</u>	
Fund balance at end of year			<u>\$ 19,577</u>	

COMPLIANCE REPORTS

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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

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

We have audited the financial statements of Midvale City Corporation, Utah (the City), as of and for the year ended June 30, 2009, and have issued our report thereon dated December 3, 2009. 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.

Internal Control Over Financial Reporting In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information and use of management, the City Council and others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hansen, Bradshaw, Malmrose & Erickson,
P.C.*

December 3, 2009

Hansen, Bradshaw, Malmrose & Erickson

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Midvale City Corporation, Utah (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Midvale City Corporation, Utah as of and for the year ended June 30, 2009, and have issued our report thereon dated December 3, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Midvale City Corporation, Utah's, basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the City Council and others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

December 3, 2009

MIDVALE CITY CORPORATION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Justice			
Direct Program:			
Pass Through State:			
Victims of Violent Crime	16.575	08-VOCA-31	\$ 73,382
Edward Byrne Memorial Justice Assistance (JAG)	16.738	07-A60	18,969
Total U.S. Department of Justice			<u>92,351</u>
Environmental Protection Agency			
Direct Program:			
Superfund State Site Specific Cooperation	66.802	V97810901	87,299
Safe Drinking Water State Revolving Fund	66.468	FS-998784-07	1,732,562
Total Environmental Protection Agency			<u>1,819,861</u>
U.S. Department of Transportation			
Pass Through State:			
Alcohol Traffic Safety & Drunk Driving Prevention	20.601	DUI	4,752
Fitting Station	20.600	Unknown	2,963
EASY	Unknown	Unknown	271
Federal Highway Administration	20.205	08-8435	2,287,276
Total U.S. Department of Transportation			<u>2,295,262</u>
U.S. Department of Health and Human Services			
Pass Through State:			
Diabetes Education for Spanish Speaking Residents	93.988	H-09-05601	2,000
Abstinence Education	93.235	91483	66,882
Workforce Services Life Skills grant	93.558	Unknown	18,554
Total U.S. Department of Health and Human Services			<u>87,436</u>
U.S. Department of Housing and Urban Development			
Pass Through County:			
Community Development Block Grant	14.218	BV03353C	392,347
Total U.S. Department of Housing and Urban Development			<u>392,347</u>
U.S. Department of Homeland Security			
Direct Program:			
Joint Criminal Apprehension Team (JCAT)	97.036	MOU	8,963
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Unknown	100,324
Pass Through State:			
FEMA Emergency Management Performance	97.042	EMPG-2008-HLS-040	16,350
FEMA Emergency Management Performance	97.042	EMPG-2009-HLS-040	3,750
FEMA Emergency Management Performance	97.042	EMPG-2009-HLS-PRC	1,050
State Domestic Preparedness Equipment Support Program	97.067	SHSP 05	569
State Domestic Preparedness Equipment Support Program	97.067	SHSP 07	14,615
State Domestic Preparedness Equipment Support Program	97.067	LETP 07	16,251
Total U.S. Department of Homeland Security			<u>161,872</u>
			<u>\$ 4,849,129</u>

MIDVALE CITY CORPORATION
Notes to Schedule of Expenditures of Federal Awards
June 30, 2009

1. PURPOSE OF THIS SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule to the City's basic financial statements and is presented for additional analysis. The Schedule is required by the office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Midvale City Corporation, Utah. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Federal Financial Assistance - Pursuant to the Single Audit Act of 1984; the Single Audit Act Amendments of 1996 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Federal financial assistance does not include direct federal cash assistance to individuals.

Catalog of Federal Domestic Assistance - OMB Circular A-133 requires the Schedule to show the total expenditures for each of the City's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide summary of individual federal programs. Each program included in the CFDA is assigned a five digit program identification number (CFDA number) which is reflected in the Schedule. Federal financial assistance programs and contracts which have not been assigned a CFDA number have been identified as None in the CFDA Column of the schedule.

Type A and Type B Programs - The Single Audit Act of 1984 (as amended in 1996) and OMB Circular A-133 establish the levels to be used in defining Type A and Type B federal programs. Type A programs for Midvale City Corporation, Utah are those programs that exceeded \$300,000 in the federal awards expended for the fiscal year ended June 30, 2009. All other programs are classified as Type B by the City.

Reporting Entity

The City reporting entity is fully described in Footnote 1 of the City's basic financial statements. The Schedule includes all federal financial assistance programs administered by the City for the year ended June 30, 2009.

MIDVALE CITY CORPORATION
Notes to Schedule of Expenditures of Federal Awards (Continued)
June 30, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Federal financial assistance programs included in the Schedule are reported using the modified accrual basis of accounting.

MIDVALE CITY CORPORATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

A. Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Midvale City Corporation, Utah.
2. No instance of noncompliance material to the financial statements of Midvale City, Corporation, Utah were disclosed during the audit.
3. The auditors' report on compliance for the major federal award programs for Midvale City Corporation, Utah expresses an unqualified opinion.
4. No Questioned Costs were discovered during the audit.
5. The program tested as a major program was:
 - U.S. Environmental Protection Agency (Direct Program)
 - Safe Drinking Water State Revolving Fund, CFDA No. 66.468
6. The threshold for distinguishing Type A and B programs was \$300,000.
7. Midvale City Corporation, Utah was determined to be a low-risk auditee.

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STATE LEGAL COMPLIANCE REPORT

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

We have audited the basic financial statements of Midvale City for the year ended June 30, 2009 and have issued our report thereon dated December 3, 2009. As part of our audit, we have audited compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2009. The City received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt	Justice Courts Compliance
Cash Management	Asset Forfeiture
Purchasing Requirements	Utah Retirement Services
Budgetary Compliance	Other General Compliance
Truth in Taxation & Property Tax Limitations	Uniform Building Code Standards
Liquor Law Enforcement	
B&C Road Funds	

The management of Midvale City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, Midvale City complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2009.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

December 3, 2009