

NEW ISSUE

Ratings: Moody's "A1," S&P "AA" (stable) (BAM insured)
See "BOND INSURANCE" and "MISCELLANEOUS—Bond Ratings" herein.

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the 2020 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2020 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" herein.

The 2020 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS—Opinion Of Bond Counsel" herein.



\$4,820,000

Midway City, Utah

General Obligation Bonds, Series 2020 (Green Bonds—BAM GreenStar Certified)

The \$4,820,000 General Obligation Bonds, Series 2020 (Green Bonds—BAM GreenStar Certified), are issued by the City as fully-registered bonds and will be initially issued in book-entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York. DTC will act as securities depository for the 2020 Bonds.

Principal of and interest on the 2020 Bonds (interest payable June 15 and December 15 of each year, commencing December 15, 2020) are payable by Zions Bancorporation, National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2020 BONDS—Book-Entry System" herein.

The 2020 Bonds are subject to optional and mandatory sinking fund redemption. See "THE 2020 BONDS—Redemption Provisions" herein.

The 2020 Bonds are general obligations of the City payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all the taxable property in the City, fully sufficient to pay the 2020 Bonds as to both principal and interest.

The scheduled payment of principal of and interest on the 2020 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2020 Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.



Dated: Date of Delivery¹

Due: June 15, as shown on inside front cover

See the inside front cover for the maturity schedule of the 2020 Bonds

The 2020 Bonds were awarded pursuant to competitive bidding received by means of the *PARITY*[®] electronic bid submission system on April 30, 2020 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated as of the date of the PRELIMINARY OFFICIAL STATEMENT to Robert W. Baird & Co., Inc., Milwaukee, Wisconsin at a "true interest rate" of 2.28%.

Zions Public Finance, Inc., Salt Lake City, Utah, acted as Municipal Advisor.

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

This OFFICIAL STATEMENT is dated April 30, 2020 and the information contained herein speaks only as of that date.

¹ The anticipated date of delivery is Thursday, May 14, 2020.

Midway City, Utah

\$4,820,000

General Obligation Bonds, Series 2020 (Green Bonds—BAM GreenStar Certified)

Dated: Date of Delivery¹

Due: June 15, as shown below

\$1,975,000 Serial Bonds

<u>Due June 15</u>	<u>CUSIP® 598240</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2021.....	AA7	\$145,000	5.00%	1.25%
2022.....	AB5	165,000	5.00	1.30
2023.....	AC3	175,000	5.00	1.35
2024.....	AD1	185,000	5.00	1.40
2025.....	AE9	190,000	5.00	1.50
2026.....	AF6	200,000	5.00	1.55
2027.....	AG4	210,000	5.00	1.60
2028.....	AH2	225,000	5.00	1.70
2029.....	AJ8	235,000	5.00	1.80
2030.....	AK5	245,000	5.00	1.90

\$525,000 2.00% Term Bond due June 15, 2032—Price 98.936% (CUSIP® 598240 AM1)

\$545,000 2.125% Term Bond due June 15, 2034—Price 99.696% (CUSIP® 598240 AP4)

\$565,000 2.25% Term Bond due June 15, 2036—Price 100.000% (CUSIP® 598240 AR0)

\$590,000 2.25% Term Bond due June 15, 2038—Price 98.532% (CUSIP® 598240 AT6)

\$620,000 2.375% Term Bond due June 15, 2040—Price 98.814% (CUSIP® 598240 AV1)

¹ The anticipated date of delivery is Thursday, May 14, 2020.

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Table Of Contents

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	Debt Service Schedule Of Outstanding Municipal	
Public Sale/Electronic Bid	1	Building Authority Lease Revenue Bonds By	
Midway City, Utah	1	Fiscal Year	21
The 2020 Bonds	1	Overlapping And Underlying General Obligation	
Security	2	Debt	22
Authority For And Purpose Of The 2020 Bonds	2	Debt Ratios Regarding General Obligation Debt	22
Redemption Provisions	2	General Obligation Legal Debt Limit And Additional	
Registration, Denominations, Manner Of Payment	2	Debt Incurring Capacity	23
Tax-Exempt Status Of The 2020 Bonds; Qualified		No Defaulted Obligations	23
Tax-Exempt Obligation	3	FINANCIAL INFORMATION REGARDING	
Professional Services	3	MIDWAY CITY, UTAH	23
Conditions Of Delivery, Anticipated Date, Manner,		Fund Structure; Accounting Basis	23
And Place Of Delivery	4	Budgets And Budgetary Accounting	24
Limited Continuing Disclosure Undertaking	4	Financial Controls	24
Basic Documentation	4	Sources of General Fund Revenues	25
Contact Persons	4	Five-Year Financial Summaries	25
SECURITY AND SOURCES OF PAYMENT	5	Ad Valorem Tax Levy And Collection	30
BOND INSURANCE AT BIDDER'S OPTION	5	Public Hearing On Certain Tax Increases	31
BOND INSURANCE	5	Property Tax Matters	31
Bond Insurance Policy	5	Historical Ad Valorem Tax Rates	32
Build America Mutual Assurance Company	5	Comparative Ad Valorem Total Property Tax Rates	
BAM GreenStar Bonds	6	Within Wasatch County	33
Additional Information Available From BAM	7	Taxable, Fair Market And Market Value Of Property	
LIMITED CONTINUING DISCLOSURE		Of The City	34
UNDERTAKING	7	Historical Summaries Of Taxable Value Of Property	
Limited Continuing Disclosure Undertaking For		Of The City	34
2020 Bonds	7	Tax Collection Record	35
THE 2020 BONDS	8	Some Of The Largest Ad Valorem Property	
General	8	Taxpayers In The City	35
Registration And Transfer; Record Date	8	Potential Impact Of The Coronavirus (COVID-19)	35
Sources And Uses Of Funds	9	LEGAL MATTERS	36
Redemption Provisions	9	Absence Of Litigation Concerning The 2020 Bonds	36
Book-Entry System	11	General	36
Debt Service On The 2020 Bonds	12	TAX MATTERS	37
MIDWAY CITY, UTAH	13	Opinion Of Bond Counsel	37
General	13	Other Tax Consequences	38
Form Of Government	13	MISCELLANEOUS	39
Employee Workforce And Retirement System; No		Bond Ratings	39
Post-Employment Benefits	13	Municipal Advisor	39
Risk Management And Cybersecurity	14	Independent Auditors	39
Population	15	Additional Information	40
Employment, Income, Construction And Sales Taxes		APPENDIX A—BASIC FINANCIAL STATEMENTS	
Within Midway City, Wasatch County And The		AND REQUIRED SUPPLEMENTARY	
State Of Utah	16	INFORMATION OF MIDWAY CITY, UTAH FOR	
Largest Employers In The County	18	FISCAL YEAR 2019	A-1
DEBT STRUCTURE OF MIDWAY CITY, UTAH	19	APPENDIX B—PROPOSED FORM OF OPINION OF	
Outstanding General Obligation Bonded		BOND COUNSEL	B-1
Indebtedness	19	APPENDIX C—PROPOSED FORM OF LIMITED	
Other Financial Considerations	19	CONTINUING DISCLOSURE UNDERTAKING	C-1
Debt Service Schedule Of Outstanding General		APPENDIX D—BOOK-ENTRY SYSTEM	D-1
Obligation Bonds By Fiscal Year	20	APPENDIX E—SPECIMEN MUNICIPAL BOND	
		INSURANCE POLICY	E-1

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2020 Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other informational representations must not be relied upon as having been authorized by any of: Midway City, Utah (the “City”); Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); Zions Bancorporation, National Association, Salt Lake City, Utah, (as Paying Agent); the State of Utah; the successful bidder(s); or any other entity. The information contained herein has been obtained from the City, The Depository Trust Company, New York, New York, the State of Utah, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2020 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the City, since the date hereof.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the 2020 Bonds or the advisability of investing in the 2020 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted here from, other than with respect to the accuracy of the information regarding BAM supplied by BAM and presented under the heading “Bond Insurance” and “APPENDIX E—SPECIMAN MUNICIPAL BOND INSURANCE POLICY.”

The 2020 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

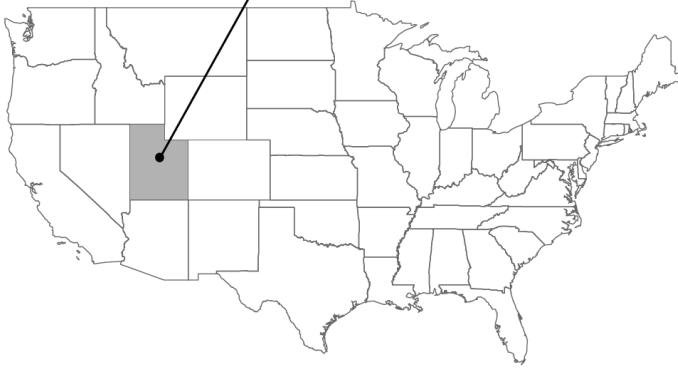
The yields/prices at which the 2020 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2020 Bonds to dealers and others. With any offering of the 2020 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2020 Bonds. Such transactions may include overallocments in connection with the purchase of 2020 Bonds to stabilize their market price and to cover the successful bidder’s short positions. Such transactions, if commenced, may be discontinued at any time.

Forward-Looking Statements. Certain statements included or incorporated by reference in this OFFICIAL STATEMENT may constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as “plan,” “project,” “forecast,” “expect,” “estimate,” “budget” or other similar words. ***The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.***

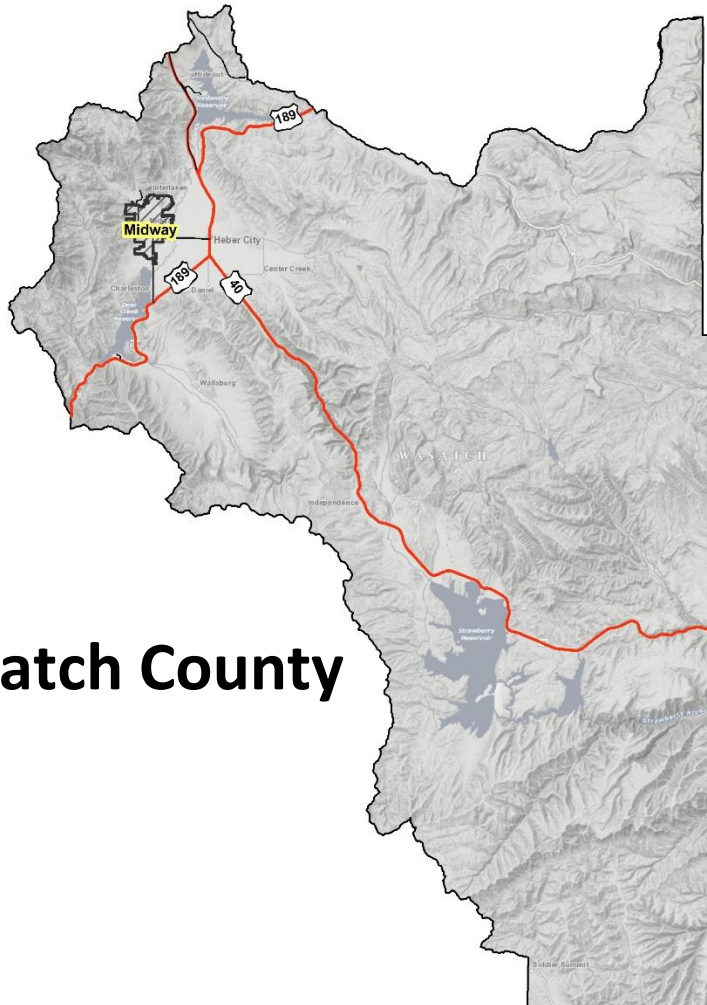
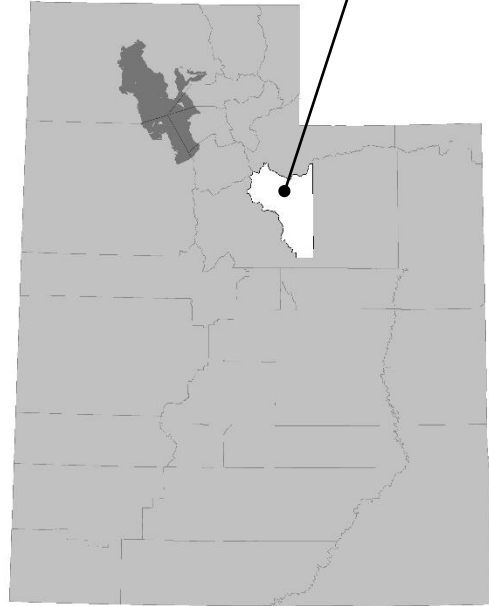
The CUSIP® (Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the 2020 Bonds because of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2020 Bonds.

The information available on websites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided relating to the offering of the 2020 Bonds and is not a part of this OFFICIAL STATEMENT.

Utah



Wasatch County



Wasatch County

OFFICIAL STATEMENT RELATED TO

Midway City, Utah

\$4,820,000

General Obligation Bonds, Series 2020

(Green Bonds—BAM GreenStar Certified)

INTRODUCTION

This introduction is only a brief description of the 2020 Bonds, as hereinafter defined, the security and source of payment for the 2020 Bonds and certain information regarding Midway City, Utah (the “City”). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT. Investors are urged to make a full review of the entire OFFICIAL STATEMENT.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF MIDWAY CITY, UTAH FOR FISCAL YEAR 2019;” “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL;” “APPENDIX C—PROPOSED FORM OF LIMITED CONTINUING DISCLOSURE UNDERTAKING;” “APPENDIX D—BOOK-ENTRY SYSTEM” and “APPENDIX E—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

When used herein the terms “Fiscal Year[s] 20YY” or “Fiscal Year[s] End[ed][ing] June 30, 20YY” shall refer to the year beginning on July 1 and ending on June 30 of the year indicated. When used herein the terms “Calendar Year[s] 20YY”; or “Calendar Year[s] End[ed][ing] December 31, 20YY” shall refer to the year beginning on January 1 and ending on December 31 of the year indicated. Capitalized terms used but not otherwise defined herein have the same meaning as given to them in the Resolution (as hereinafter defined).

Public Sale/Electronic Bid

The 2020 Bonds were awarded pursuant to competitive bidding received by means of the PARITY® electronic bid submission system on April 30, 2020 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated as of the date of the PRELIMINARY OFFICIAL STATEMENT to Robert W. Baird & Co., Inc., Milwaukee, Wisconsin at a “true interest rate” of 2.28%.

Midway City, Utah

The City, incorporated in 1891, covers an area of approximately 5.5 square miles and is in the north-west portion of Wasatch County, Utah (the “County”). It is located in the Heber Valley, approximately 9 miles east of Park City, Utah and approximately 28 miles southeast of Salt Lake City, Utah. The City had 5,257 residents per the 2018 U.S. Census Bureau estimates. See “MIDWAY CITY, UTAH” below.

The 2020 Bonds

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information about the issuance and sale by the City of its \$4,820,000 General Obligation Bonds, Series 2020 (the “2020 Bonds” or the “2020 Bond”), initially issued in book-entry form.

Security

The 2020 Bonds are general obligations of the City payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all the taxable property in the City, fully sufficient to pay the 2020 Bonds as to both principal and interest. See “SECURITY AND SOURCES OF PAYMENT” and “FINANCIAL INFORMATION REGARDING MIDWAY CITY, UTAH—Ad Valorem Tax Levy And Collection” below.

Authority For And Purpose Of The 2020 Bonds

Authorization. The 2020 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14 (the “Local Government Bonding Act”), Utah Code Annotated 1953, as amended (the “Utah Code”), (ii) a resolution of the City adopted on March 17, 2020 (the “Resolution”), which provides for the issuance of the 2020 Bonds, and (iii) other applicable provisions of law.

The 2020 Bonds were authorized at a special bond election held for that purpose on November 6, 2018 (the “2018 Bond Election”). The proposition submitted to the voters of the City was as follows:

Shall Midway City, Utah (the “City”), be authorized to issue General Obligation Bonds in an amount not to exceed Five Million Dollars (\$5,000,000) (the “Bonds”) for the purpose of partnering with willing landowners, private organizations, land preservation foundations, governmental agencies and private donors, all at the discretion of the City Council, to pay all or a portion of the costs to preserve open space (as open space is defined and is consistent with the Midway City General Plan and as permitted by the laws of the State of Utah) and related improvements, within the proposed annexation boundaries of the City as established in the land use map of the City dated December 13, 2017, including but not limited to acquisition of land, development rights, conservation easements, maintenance of use agreements, or related start-up expenses; said Bonds to be due and payable in not to exceed twenty-one (21) years from the date of issuance of the Bonds?

At the 2018 Bond Election there were 1,467 votes cast in favor of the issuance of bonds and 1,216 votes cast against the issuance of bonds, for a total vote count of 2,683 with approximately 54.7% in favor of the issuance of bonds.

The 2020 Bonds will be the first and final block of bonds to be issued from the 2018 Bond Election. After the sale and delivery of the 2020 Bonds, the City will have issued all bonds authorized bonds by the 2018 Bond Election.

Purpose. The 2020 Bonds are being issued to finance the acquisition, improvement, and preservation of open space and other projects as set forth in the 2018 Bond Election proposition and to pay certain costs of issuance.

Redemption Provisions

The 2020 Bonds are subject to optional and mandatory sinking fund redemption. See “THE 2020 BONDS—Redemption Provisions.”

Registration, Denominations, Manner Of Payment

The 2020 Bonds are issuable only as fully registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2020 Bonds. Purchases of 2020 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple of \$5,000 in excess thereof, through brokers and dealers who are, or who act through, DTC’s Direct Participants (as defined herein). Beneficial Owners (as defined herein) of the 2020 Bonds will not be entitled to receive physical

delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2020 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined in “APPENDIX D—BOOK—ENTRY SYSTEM.”

Principal of and interest on the 2020 Bonds (interest payable June 15 and December 15 of each year, commencing December 15, 2020) are payable by Zions Bancorporation, National Association, Salt Lake City, Utah, as paying agent (the “Paying Agent”) for the 2020 Bonds, to the registered owners of the 2020 Bonds. So long as Cede & Co. is the registered owner of the 2020 Bonds, DTC will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2020 Bonds, as described in “APPENDIX D—BOOK—ENTRY SYSTEM.”

So long as DTC or its nominee is the registered owner of the 2020 Bonds, neither the City nor the Paying Agent will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2020 Bonds. *Under these same circumstances, references herein and in the Resolution to the “Bondowners” or “Registered Owners” of the 2020 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2020 Bonds.*

Tax—Exempt Status Of The 2020 Bonds; Qualified Tax—Exempt Obligation

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the 2020 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2020 Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” below. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the 2020 Bonds.

The 2020 Bonds are “qualified tax—exempt obligations” within the meaning of Section 265(b)(3) of the Code. See “TAX MATTERS—Opinion of Bond Counsel” herein.

Professional Services

In connection with the issuance of the 2020 Bonds, the following have served the City in the capacity indicated.

Bond Registrar and Paying Agent

Zions Bancorporation, National Association
One S Main St 12th Fl
Salt Lake City UT 84133–1109
801.844.8517 | f 855.547.5637
verena.critser@zionsbancorp.com

Bond Counsel

Gilmore & Bell P.C.
15 W S Temple Ste 1450
Salt Lake City UT 84101
801.364.5080 | f 801.364.5032
rlarsen@gilmorebell.com

Municipal Advisor

Zions Public Finance, Inc.
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484
brian.baker@zionsbancorp.com

Conditions Of Delivery, Anticipated Date, Manner, And Place Of Delivery

The 2020 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality of the 2020 Bonds by Gilmore & Bell, P.C., Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the City by Corbin B. Gordon, City Attorney. It is expected that the 2020 Bonds, in book-entry form, will be available for delivery to DTC or its agent, on or about Thursday, May 14, 2020.

Limited Continuing Disclosure Undertaking

The City will execute a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2020 Bonds. For a detailed discussion of this undertaking, previous undertakings and timing of submissions see “LIMITED CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX C—PROPOSED FORM OF LIMITED CONTINUING DISCLOSURE UNDERTAKING.”

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date and the information contained herein is subject to change. Brief descriptions of the City, the 2020 Bonds, and the Resolution is included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Resolution are qualified in their entirety by reference to such document and references herein to the 2020 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution. The “basic documentation” which includes the Resolution, the closing documents and other documentation, authorizing the issuance of the 2020 Bonds and establishing the rights and responsibilities of the City and other parties to the transaction, may be obtained from the “contact persons” as indicated below.

Contact Persons

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to Zions Public Finance, Inc., Salt Lake City, Utah (the “Municipal Advisor”) to the City:

Brian Baker, Vice President, brian.baker@zionsbancorp.com
Mark Anderson, Vice President, mark.anderson@zionsbancorp.com
Cara Bertot, Vice President, cara.bertot@zionsbancorp.com

Zions Public Finance, Inc.
One S Main St 18th Fl
Salt Lake City, UT 84133-1109
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact persons for the City concerning the 2020 Bonds are:

Mayor Celeste Johnson, cjohnson@midwaycityut.org
Brad Wilson, City Recorder/Finance Officer, bwilson@midwaycityut.org

Midway City
75 N 100 W (P.O. Box 277)
Midway City, UT 84049
435.654.3223

SECURITY AND SOURCES OF PAYMENT

The 2020 Bonds are general obligations of the City payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all the taxable property in the City, fully sufficient to pay the 2020 Bonds as to both principal and interest.

See “FINANCIAL INFORMATION REGARDING MIDWAY CITY, UTAH—Ad Valorem Tax Levy And Collection” and “—Property Tax Matters” below.

BOND INSURANCE AT BIDDER’S OPTION

The City applied to Moody’s Investors Service, Inc. (“Moody’s”) for a rating on the 2020 Bonds based upon the City’s credit and not upon the presence of bond insurance. The successful bidder, Robert W. Baird & Co., Inc., Milwaukee, Wisconsin (the “Underwriter”), at their request and expense, purchased municipal bond insurance to insure the 2020 Bonds. The 2020 Bonds have been rated “AA” (stable) by Build America Mutual Assurance Company (“BAM”). See “BOND INSURANCE” below.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2020 Bonds, BAM will issue its Municipal Bond Insurance Policy for the 2020 Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the 2020 Bonds when due as set forth in the form of the Policy included as “APPENDIX E—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all 50 states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is 200 Liberty St., 27th Fl, NY, NY 10281, 212.235.2500, buildamerica.com.

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

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the 2020 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the 2020 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the 2020 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accord-

ance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the 2020 Bonds, nor does it guarantee that the rating on the 2020 Bonds will not be revised or withdrawn.

Capitalization of BAM. BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$534.9 million, \$132.5 million and \$402.4 million, respectively.

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

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

BAM makes no representation regarding the 2020 Bonds or the advisability of investing in the 2020 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted here from, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under this section "BOND INSURANCE."

BAM GreenStar Bonds

The 2020 Bonds have been designated BAM GreenStar Bonds because BAM has determined that the use of bond proceeds by the City as described in this OFFICIAL STATEMENT and in any additional information obtained by BAM aligns with one of the Green Bond Principals ("GBPs") developed by the International Capital Markets Association ("ICMA"). The GBPs were developed by the ICMA with the goal of establishing universally accepted guidelines for the issuance of green bonds, and one of the key requirements addresses the use of proceeds. BAM has been identified by the ICMA as an observer organization that is active in the field of green and/or social or sustainability finance and is Climate Bond Initiative approved verifier.

The Credit Profile prepared by BAM for the 2020 Bonds will identify which of the following GBP categories applies to the 2020 Bonds: renewable energy; energy efficiency; pollution prevention and control; environmentally sustainable management of living natural resources and land use; terrestrial and aquatic biodiversity; clean transportation; climate change adaptation; sustainable water and wastewater management; and green buildings.

Each of the GBPs correlates to one of the following UN Sustainable Development Goals which will also be included in the Credit Profile for the 2020 Bonds: clean water and sanitation; affordable and clean energy; sustainable cities and communities; industry innovation and infrastructure; responsible consumption and production; climate action; life below water; and life on land.

For projects under construction, the bond obligor has agreed to furnish annual information to BAM on the status of the project until completion, which will be reflected in the BAM Credit Profile for the Bonds.

The BAM GreenStar designation is based upon information obtained by BAM, which information BAM believes to be reliable, at the time of the issuance of the 2020 Bonds. BAM does not charge a fee in connection with the designation, does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. The designation is provided on an "AS IS" basis.

BAM makes no representation or warranty, express or implied, including, but not limited to, the accuracy, results, timeliness, completeness, merchantability or fitness for any particular purpose with respect to the designation. A complete description of BAM GreenStar, and its limitations and terms of use, are available on BAM’s website at buildamerica.com/greenstar and buildamerica.com/terms-of-use and incorporated herein by reference. The BAM GreenStar designation is determined solely by BAM; it has not been reviewed or approved by the City of or the Underwriter for the 2020 Bonds, and the City and Underwriter assume no responsibility for such designation.

Additional Information Available From BAM

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

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

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the City or the Underwriter for the 2020 Bonds, and the City and the Underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the 2020 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the 2020 Bonds, whether at the initial offering or otherwise.

LIMITED CONTINUING DISCLOSURE UNDERTAKING

Limited Continuing Disclosure Undertaking For 2020 Bonds

Because at the time of delivery of the 2020 Bonds the City will be an “obligated person” (as such term is defined in the Rule) with respect to less than \$10 million in aggregate amount of outstanding municipal securities, including the 2020 Bonds, the City will enter into a limited Continuing Disclosure Undertaking (the “Undertaking”) to send certain information annually and to provide notice of certain events to the MSRB through EMMA pursuant to the requirements of the Rule. No person, other than the City, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the 2020 Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Undertaking, including termination, amendment and remedies, are

set forth in the proposed form of Undertaking in “APPENDIX C—PROPOSED FORM OF LIMITED CONTINUING DISCLOSURE UNDERTAKING.”

During the five years prior to the date of this OFFICIAL STATEMENT, the City has not been subject to the Rule’s requirements for undertakings or disclosure thereunder.

Pursuant to the Undertaking, the City will submit the Fiscal Year 2020 audited financial report for the 2020 Bonds on or before January 26, 2021 (210 days from the end of the Fiscal Year), and annually thereafter on or before each January 26.

A failure by the City to comply with the Undertaking will not constitute a default under the Resolution and the Beneficial Owners of the 2020 Bonds are limited to the remedies described in the Undertaking. A failure by the City to comply with the annual disclosure requirements of the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2020 Bonds in the secondary market. Consequently, such a failure may adversely affect the marketability and liquidity of the 2020 Bonds and their market price.

THE 2020 BONDS

General

The 2020 Bonds will be dated the date of their original issuance and delivery¹ (the “Dated Date”) and will mature on June 15 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

The 2020 Bonds will bear interest from their Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2020 Bonds is payable semiannually on each June 15 and December 15, commencing December 15, 2020. Interest on the 2020 Bonds will be computed based on a 360–day year comprised of 12, 30–day months. Zions Bancorporation, National Association, Salt Lake City, Utah is the Bond Registrar (the initial “Bond Registrar”) and Paying Agent for the 2020 Bonds under the Resolution.

The 2020 Bonds will be issued as fully–registered bonds, initially in book–entry form, in the denomination of \$5,000 or any integral multiple of \$5,000 in excess thereof, not exceeding the amount of each maturity.

The 2020 Bonds are being issued within the constitutional debt limit imposed on cities in the State. See “DEBT STRUCTURE OF MIDWAY CITY, UTAH—General Obligation Legal Debt Limit And Additional Debt Incurring Capacity” below.

Registration And Transfer; Record Date

Registration and Transfer. In the event the book–entry system is discontinued, any 2020 Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by such owner’s duly authorized attorney, upon surrender of such 2020 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Bond Registrar. No transfer will be effective until entered on the registration books kept by the Bond Registrar. Whenever any 2020 Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully registered 2020 Bond or 2020 Bonds of

¹ The anticipated date of delivery is Thursday, May 14, 2020.

the same series, designation, maturity and interest rate and of authorized denominations duly executed by the City, for a like aggregate principal amount.

The 2020 Bonds may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of fully registered 2020 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2020 Bonds, the Bond Registrar will require the payment by the registered owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such exchange or transfer of the 2020 Bonds.

Record Date. The term “Record Date” means (i) with respect to each interest payment date, the day that is 15 days preceding such interest payment date, or if such day is not a business day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar, and (ii) with respect to any redemption of any 2020 Bond such Record Date as is specified by the Bond Registrar in the notice of redemption, provided that such Record Date will be not less than 15 calendar days before the mailing of such notice of redemption. The Bond Registrar will not be required to transfer or exchange any 2020 Bond (a) after the Record Date with respect to any interest payment date to and including such interest payment date, or (b) after the Record Date with respect to any redemption of such 2020 Bond.

The City, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2020 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner thereof for receiving payment of, or on account of, the principal (on the 2020 Bonds) and interest due thereon and for all other purposes whatsoever.

Sources And Uses Of Funds

The proceeds from the sale of the 2020 Bonds are estimated to be applied as set forth below:

Sources of Funds:

Par amount of 2020 Bonds.....	\$4,820,000.00
Original Issue Premium.....	<u>372,026.70</u>
Total Sources.....	<u>\$5,192,026.70</u>

Uses of Funds:

Deposit to project account.....	\$5,027,474.24
Cost of issuance (1).....	70,000.00
Underwriter’s discount (2).....	71,295.26
Original issue discount.....	<u>23,257.20</u>
Total Uses.....	<u>\$5,192,026.70</u>

(1) Includes legal fees, Municipal Advisor fees, rating agency fees, Bond Registrar and Paying Agent fees, rounding amounts, and other miscellaneous costs of issuance.

(2) Amount includes the Underwriter’s discount and bond insurance premium.

(Source: Municipal Advisor.)

Redemption Provisions

Optional Redemption. The 2020 Bonds maturing on and after June 15, 2031 are subject to redemption prior to maturity in whole or in part at the option of the City on June 15, 2030 (the “First Redemption Date”) or on any date thereafter, from such maturities or parts thereof as shall be selected by the City, at the redemption price of 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, upon not less than 30 days’ prior written notice. 2020 Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

Mandatory Sinking Fund Redemption. The 2020 Bonds maturing on June 15, 2032, June 15, 2034, June 15, 2036, June 15, 2038, and June 15, 2040 (collectively, the “2020 Term Bonds”) are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the Principal amount to be redeemed, plus accrued interest thereon to the date of redemption, on the dates and in the Principal amounts as set forth below:

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Sinking Fund Requirements</u>
June 15, 2031	\$260,000
June 15, 2032 (stated maturity).....	<u>265,000</u>
Total	<u>\$525,000</u>
June 15, 2033	\$270,000
June 15, 2034 (stated maturity).....	<u>275,000</u>
Total	<u>\$545,000</u>
June 15, 2035	\$280,000
June 15, 2036 (stated maturity).....	<u>285,000</u>
Total	<u>\$565,000</u>
June 15, 2037	\$290,000
June 15, 2038 (stated maturity).....	<u>300,000</u>
Total	<u>\$590,000</u>
June 15, 2039	\$305,000
June 15, 2040 (stated maturity).....	<u>315,000</u>
Total	<u>\$620,000</u>

Upon redemption of any 2020 Term Bonds, other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts for such 2020 Term Bonds, in such order of mandatory sinking fund date as shall be directed by the City.

Selection for Redemption. If less than all 2020 Bonds of any maturity are to be redeemed, the 2020 Bonds or portion of 2020 Bonds of such maturity to be redeemed will be selected by lot by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate, each \$5,000 or principal amount of the Series 2020 Bonds being counted as one Series 2020 Bond for this purpose.

Notice of Redemption. Notice of redemption will be given by the Bond Registrar by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, to the owner, as of the Record Date, of each 2020 Bond that is subject to redemption, at the address of such owner as it appears on the registration books of the City kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption will state the descriptive information needed to identify accurately the Series 2020 Bonds being redeemed, including, but not limited to, the original issuance date and maturity date of, and interest rate on, such Series 2020 Bonds, the Record Date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the 2020 Bonds are to be redeemed, the distinctive numbers of the 2020 Bonds or portions of 2020 Bonds to be redeemed, and will also state that the interest on the 2020 Bonds in such notice designated for redemption will cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the 2020 Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date.

Each notice of optional redemption may further state that such redemption will be conditioned upon the receipt by the Paying Agent, on or prior to the date fixed for redemption, of moneys sufficient to pay the principal of and premium, if any, and interest on such 2020 Bonds to be redeemed and that if such

moneys have not been so received the notice will be of no force or effect and the City will not be required to redeem such 2020 Bonds. If such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made and the Bond Registrar will within a reasonable time thereafter give notice, in the way the notice of redemption was given, that such moneys were not so received. Any such notice mailed will be conclusively presumed to have been duly given, whether the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any 2020 Bond will not affect the validity of the proceedings for redemption with respect to any other 2020 Bond.

In addition to the foregoing notice, further notice of such redemption will be given by the Bond Registrar to DTC and posted electronically to the MSRB's EMMA website, as provided in the Resolution, but no defect in such further notice nor any failure to give all or any portion of such notice will in any manner affect the validity of a call for redemption if notice thereof is given as prescribed above and in the Resolution.

For so long as a book-entry system is in effect with respect to the 2020 Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants or any failure of the Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2020 Bonds. See "THE 2020 BONDS—Book-Entry System" below.

Book-Entry System

DTC will act as securities depository for the 2020 Bonds. The 2020 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered 2020 Bond certificate will be issued for each maturity of the 2020 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX D—BOOK-ENTRY SYSTEM" for a more detailed discussion of the book-entry system and DTC.

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Debt Service On The 2020 Bonds

Payment Date	The 2020 Bonds		Period Total	Fiscal Total
	Principal	Interest		
December 15, 2020.....	\$ 0.00	\$ 94,682.59	\$ 94,682.59	
June 15, 2021.....	145,000.00	80,771.88	225,771.88	\$320,454.47
December 15, 2021.....	0.00	77,146.88	77,146.88	
June 15, 2022.....	165,000.00	77,146.88	242,146.88	319,293.76
December 15, 2022.....	0.00	73,021.88	73,021.88	
June 15, 2023.....	175,000.00	73,021.88	248,021.88	321,043.76
December 15, 2023.....	0.00	68,646.88	68,646.88	
June 15, 2024.....	185,000.00	68,646.88	253,646.88	322,293.76
December 15, 2024.....	0.00	64,021.88	64,021.88	
June 1, 2025.....	190,000.00	64,021.88	254,021.88	318,043.76
December 15, 2025.....	0.00	59,271.88	59,271.88	
June 15, 2026.....	200,000.00	59,271.88	259,271.88	318,543.76
December 15, 2026.....	0.00	54,271.88	54,271.88	
June 15, 2027.....	210,000.00	54,271.88	264,271.88	318,543.76
December 15, 2027.....	0.00	49,021.88	49,021.88	
June 15, 2028.....	225,000.00	49,021.88	274,021.88	323,043.76
December 15, 2028.....	0.00	43,396.88	43,396.88	
June 15, 2029.....	235,000.00	43,396.88	278,396.88	321,793.76
December 15, 2029.....	0.00	37,521.88	37,521.88	
June 15, 2030.....	245,000.00	37,521.88	282,521.88	320,043.76
December 15, 2030.....	0.00	31,396.88	31,396.88	
June 15, 2031.....	260,000.00 (1)	31,396.88	291,396.88	322,793.76
December 15, 2031.....	0.00	28,796.88	28,796.88	
June 15, 2032.....	265,000.00 (1)	28,796.88	293,796.88	322,593.76
December 15, 2032.....	0.00	26,146.88	26,146.88	
June 15, 2033.....	270,000.00 (2)	26,146.88	296,146.88	322,293.76
December 15, 2033.....	0.00	23,278.13	23,278.13	
June 15, 2034.....	275,000.00 (2)	23,278.13	298,278.13	321,556.26
December 15, 2034.....	0.00	20,356.25	20,356.25	
June 15, 2035.....	280,000.00 (3)	20,356.25	300,356.25	320,712.50
December 15, 2035.....	0.00	17,206.25	17,206.25	
June 15, 2036.....	285,000.00 (3)	17,206.25	302,206.25	319,412.50
December 15, 2036.....	0.00	14,000.00	14,000.00	
June 15, 2037.....	290,000.00 (4)	14,000.00	304,000.00	318,000.00
December 15, 2037.....	0.00	10,737.50	10,737.50	
June 15, 2038.....	300,000.00 (4)	10,737.50	310,737.50	321,475.00
December 15, 2038.....	0.00	7,362.50	7,362.50	
June 15, 2039.....	305,000.00 (5)	7,362.50	312,362.50	319,725.00
December 15, 2039.....	0.00	3,740.63	3,740.63	
June 15, 2040.....	<u>315,000.00 (5)</u>	<u>3,740.63</u>	<u>318,740.63</u>	322,481.26
Totals.....	<u>\$4,820,000.00</u>	<u>\$1,594,142.11</u>	<u>\$6,414,142.11</u>	

(1) Mandatory sinking fund principal payments from a \$525,000 2.00% term bond due June 15, 2032.

(2) Mandatory sinking fund principal payments from a \$545,000 2.125% term bond due June 15, 2034.

(3) Mandatory sinking fund principal payments from a \$565,000 2.25% term bond due June 15, 2036.

(4) Mandatory sinking fund principal payments from a \$590,000 2.25% term bond due June 15, 2038.

(5) Mandatory sinking fund principal payments from a \$620,000 2.375% term bond due June 15, 2040.

(Source: Municipal Advisor.)

MIDWAY CITY, UTAH

General

The City, incorporated in 1891, covers an area of approximately 5.5 square miles and is in the north-west portion of the County. It is located in the Heber Valley, approximately 9 miles east of Park City and approximately 28 miles southeast of Salt Lake City, Utah. The City had 5,257 residents per the 2018 U.S. Census Bureau estimates.

The County, established in 1870, encompasses 1,194 square miles of land and had approximately 33,240 residents in 2018 according to the 2018 U.S. Census Bureau estimates. The County is located in central Utah, in the heart of the Wasatch Mountains from which its name is derived, is approximately 60 miles southeast of Salt Lake City, and approximately 30 miles east of the City of Provo. The County seat is Heber City.

Form Of Government

Cities of the fifth class, such as the City, are those with fewer than 10,000 and more than 1,000 inhabitants. The City is organized under general law and governed by a six-member council consisting of the Mayor (the “Mayor”) and five councilmembers who are each elected to serve four-year terms (collectively, the “City Council”). The Mayor presides over all City Council meetings but may not vote, except in the case of a tie vote by the councilmembers and certain other circumstances specified under State law.

The principal powers and duties of State municipalities are generally set forth in Utah Code Title 10, Chapter 8 and include the authority to pass all ordinances and rules, and make all regulations necessary for the safety and preserve the health, and promote the prosperity, improve the morals, peace and good order, comfort, and convenience of the city and its inhabitants, and for the protection of property in the city. Municipalities construct public improvements and maintain streets, sidewalks, and waterworks. Municipalities also regulate commercial and residential development within their boundaries by means of zoning ordinances, building codes, and licensing procedures.

The current members of the City Council, the Mayor and the City administration have the following respective terms in office:

<u>Office/District</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Term</u>
Mayor.....	Celeste Johnson	3	January 2022
Council Member	Lisa Orme	4	January 2024
Council Member	Steve Dougherty	1	January 2024
Council Member	Jeff Drury	3	January 2022
Council Member	Kevin Payne	1	January 2024
Council Member	JC Simonsen	3	January 2022
City Attorney	Corbin B. Gordon	3	Appointed
City Recorder/Finance Officer...	Brad Wilson	18	Appointed
City Treasurer	Jennifer Sweat	6	Appointed
Accounting Supervisor.....	Nancy Simons	>1	Appointed

(Source: The City, compiled by the Municipal Advisor.)

Employee Workforce And Retirement System; No Post–Employment Benefits

Employee Workforce and Retirement System. The City currently employs approximately 17 full-time equivalent employees.

The City participates in cost-sharing multiple employer defined benefit pension plans covering public employees of the State and employees of participating local government entities administered by the Utah State Retirement Systems (“URS”). The retirement system provides retirement benefits, a deferred compensation plan, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes.

For a detailed discussion regarding retirement benefits and contributions see “APPENDIX A—BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF MIDWAY CITY, UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note 9. Retirement System” (audit page 35).

No Post-Employment Benefits. The City has no post-employment benefit liabilities.

Risk Management And Cybersecurity

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 maintains insurance for general liability, auto liability, and employee dishonesty through the Utah Local Government Trust. The City has not incurred a claim in excess of its coverage for any of the past three fiscal years. As of the date of this OFFICIAL STATEMENT, the City represents that it is adequately insured for a City of its size and nature. See “APPENDIX A—BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF MIDWAY CITY, UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note 10. Risk Management” (audit page 41).

Cybersecurity. The City’s insurance covers cybersecurity. The City has implemented policy measures to help offset any financial risks that may result from a cybersecurity breach. As with all risks to which the City is exposed, loss or breach can result in legal and/or regulatory claims. The City’s comprehensive insurance policies are in place to protect the City in those circumstances.

Investment Of Funds

The State Money Management Act. The State Money Management Act, Title 51, Chapter 7 of the Utah Code (the “Money Management Act”), governs and establishes criteria for the investment of all public funds held by public treasurers in the State. The Money Management Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, obligations of the State and political subdivisions of the State, U.S. Treasury and approved federal government agency and instrumentality securities, certain investment agreements and repurchase agreements and investments in corporate securities meeting certain ratings requirements. The Money Management Act establishes the State Money Management Council (the “Money Management Council”) to exercise oversight of public deposits and investments. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The City is currently complying with all the provisions of the Money Management Act for all City operating funds.

The Utah Public Treasurers’ Investment Fund. A significant portion of City funds may be invested in the Utah Public Treasurers Investment Fund (“PTIF”). The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. All investments in the PTIF must comply with the Money Management Act and rules of the Money Management Council. The PTIF invests primarily in money market securities. Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, and obligations of the U.S. Treasury and securities of certain agencies of the federal government. By policy, the maximum weighted average adjusted life of the portfolio is not to exceed 90 days and the maximum final maturity of any security purchased by the PTIF is limited to five years.

Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act.

All securities purchased are delivered versus payment to the custody of the State Treasurer or the State Treasurer’s safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

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

See “APPENDIX A—BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF MIDWAY CITY, UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note 3. Deposits and Investments” (audit page 26).

Investment of 2020 Bond Proceeds. Certain proceeds of the 2020 Bonds will be held by the City and invested to be readily available. The 2020 Bond proceeds may also be invested in the PTIF or other investments authorized under the Money Management Act.

Population

	<u>The City</u>	<u>% Change from Prior Year</u>	<u>The County</u>	<u>% Change from Prior Year</u>
2019 Estimate.....	—	—	34,091	2.6
2018 Estimate.....	5,257	36.7	33,240	30.2
2010 Census.....	3,845	81.3	25,530	67.8
2000 Census.....	2,121	36.5	15,215	50.8
1990 Census.....	1,554	30.2	10,089	18.4
1980 Census.....	1,194	48.5	8,523	45.4
1970 Census.....	804	12.8	5,863	10.5

(Source: U.S. Department of Commerce, Bureau of the Census.)

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Employment, Income, Construction, and Sales Taxes Within Midway City, Wasatch County, and the State of Utah

Labor Force, Nonfarm Jobs, and Wages within Wasatch County

	Calendar Year (1)						% Change				
	2019 (2)	2018	2017	2016	2015	2014	2018–19 (3)	2017–18	2016–17	2015–16	2014–15
Civilian labor force.....	16,191	15,108	14,615	13,909	13,256	12,710	(32.6)	3.4	5.1	4.9	4.3
Employed persons.....	15,784	14,633	14,129	13,439	12,790	12,229	(31.8)	3.6	5.1	5.1	4.6
Unemployed persons.....	407	475	486	470	466	481	(52.7)	(2.3)	3.4	0.9	(3.1)
Total private sector (average).....	8,746	7,567	7,103	6,655	6,252	5,820	10.9	6.5	6.7	6.4	7.4
Agriculture, forestry, fishing and hunting.....	45	45	40	34	31	37	(8.2)	12.5	17.6	9.7	(16.2)
Mining.....	12	13	18	5	0	0	(7.7)	(27.8)	260.0	n/a	n/a
Utilities.....	94	89	88	82	78	76	2.2	1.1	7.3	5.1	2.6
Construction.....	2,054	1,395	1,239	1,218	1,143	1,021	42.2	12.6	1.7	6.6	11.9
Manufacturing.....	430	358	362	301	281	269	19.4	(1.1)	20.3	7.1	4.5
Wholesale trade.....	211	190	182	163	150	136	10.5	4.4	11.7	8.7	10.3
Retail trade.....	1,200	1,328	1,250	1,121	1,045	986	(10.6)	6.2	11.5	7.3	6.0
Transportation and warehousing.....	279	292	268	239	221	210	3.7	9.0	12.1	8.1	5.2
Information.....	80	91	121	111	102	97	(12.1)	(24.8)	9.0	8.8	5.2
Finance and insurance.....	171	162	149	147	145	135	6.9	8.7	1.4	1.4	7.4
Real estate, rental and leasing.....	211	177	164	164	190	153	12.2	7.9	0.0	(13.7)	24.2
Professional, scientific, and technical services.....	530	467	461	451	432	336	11.1	1.3	2.2	4.4	28.6
Management of companies and enterprises.....	30	12	3	0	0	0	76.5	300.0	n/a	n/a	n/a
Admin., support, waste mgmt., remediation.....	474	474	470	480	422	450	(9.0)	0.9	(2.1)	13.7	(6.2)
Education services.....	974	1,031	921	866	836	803	3.8	11.9	6.4	3.6	4.1
Health care and social assistance.....	976	887	889	841	747	629	13.1	(0.2)	5.7	12.6	18.8
Arts, entertainment and recreation.....	503	379	285	176	157	177	11.3	33.0	61.9	12.1	(11.3)
Accommodation and food services.....	1,464	1,281	1,154	1,118	1,100	1,095	3.6	11.0	3.2	1.6	0.5
Other services.....	290	236	231	227	207	210	16.5	2.2	1.8	9.7	(1.4)
Total public sector (average).....	1,868	1,844	1,631	1,519	1,470	1,411	4.0	13.1	7.4	3.3	4.2
Federal government.....	58	53	54	48	51	44	(4.9)	(1.9)	12.5	(5.9)	15.9
State government.....	358	311	234	226	200	197	5.9	32.9	3.5	13.0	1.5
Local government.....	1,452	1,480	1,344	1,245	1,219	1,171	3.9	10.1	8.0	2.1	4.1
Total payroll (in millions).....	\$ 431	\$ 374	\$ 332	\$ 305	\$ 279	\$ 250	15.1	12.5	8.9	9.1	11.8
Average monthly wage.....	\$ 3,657	\$ 3,308	\$ 3,169	\$ 3,109	\$ 3,016	\$ 2,880	11.9	4.4	1.9	3.1	4.7
Average employment.....	10,614	9,412	8,734	8,174	7,721	7,232	9.6	7.8	6.9	5.9	6.8
Establishments.....	1,230	1,166	1,082	1,004	949	913	4.1	7.8	7.8	5.8	3.9

(1) Utah Department of Workforce Services.

(2) For the year 2019, information as of the third quarter; comparison made to third quarter 2018; total payroll (in millions) has been annualized.

(3) For the year of 2019, information as of the third quarter; comparison made to third quarter 2018.

Employment, Income, Construction, and Sales Taxes Within Midway City, Wasatch County, and the State of Utah—continued

Personal Income; Per Capita Personal Income; Median Household Income within Wasatch County and the State of Utah (1)

	Calendar Year						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017–18	2016–17	2015–16	2014–15	2013–14
Total Personal Income (in \$1,000's):											
Wasatch County.....	\$ 1,771.2	\$ 1,620.0	\$ 1,465.1	\$ 1,252.9	\$ 1,136.6	\$ 1,034.5	9.34	10.6	16.9	10.2	9.9
State of Utah.....	146,422.5	136,543.7	128,929.4	121,884.9	113,140.9	106,427.2	7.23	5.9	5.8	7.7	6.3
Total Per Capita Personal Income:											
Wasatch County.....	53,285	50,664	48,147	42,985	40,852	38,909	5.17	5.2	12.0	5.2	5.0
State of Utah.....	46,320	44,002	42,375	40,867	38,517	36,725	5.27	3.8	3.7	6.1	4.9
Median Household Income:											
Wasatch County.....	85,380	83,344	73,077	75,112	65,207	64,423	2.44	14.0	(2.7)	15.2	1.2
State of Utah.....	68,374	65,325	65,931	64,097	60,943	59,715	4.67	(0.9)	2.9	5.2	2.1

Construction within Midway City, Utah (2)

	Calendar Year						% change from prior year				
	2019	2018	2017	2016	2015	2014	2018–19	2017–18	2016–17	2015–16	2014–15
Number new dwelling units.....	99.0	45.0	80.0	92.0	94.0	61.0	87.1	221.4	(13.0)	(2.1)	54.1
New (in \$1,000's):											
Residential value.....	\$ 46,615.3	\$ 19,557.4	\$ 34,002.3	\$ 39,706.9	\$ 38,945.6	\$ 25,361.8	42.6	102.0	(14.4)	2.0	53.6
Non-residential value.....	1,351.9	3,325.0	2,949.3	1,753.6	717.9	87.0	(4.0)	(70.5)	68.2	144.3	725.1
Additions, alterations, repairs (in \$1,000's):											
Residential value.....	2,191.1	2,413.2	2,018.3	2,221.4	721.2	1,215.9	(0.7)	(81.5)	(9.1)	208.0	(40.7)
Non-residential value.....	26.2	913.3	441.1	433.9	0.0	2,648.2	(11.1)	(94.7)	1.6	43,290.0	(100.0)
Total construction value (in \$1,000's).....	<u>\$ 50,184.5</u>	<u>\$ 26,208.9</u>	<u>\$ 39,410.9</u>	<u>\$ 44,115.8</u>	<u>\$ 40,384.6</u>	<u>\$ 29,312.8</u>	15.9	(49.0)	(10.7)	9.2	37.8

Sales Taxes Within Midway City, Wasatch County, and the State of Utah (3)

	Calendar Year						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017–18	2015–16	2014–15	2013–14	2012–13
Gross Taxable Sales (in \$1,000's):											
Midway City.....	\$ 67,480	\$ 60,835	\$ 56,722	\$ 46,657	\$ 45,999	\$ 41,109	10.9	7.3	21.6	1.4	11.9
Wasatch County.....	662,448	595,133	524,993	474,044	429,460	386,247	11.3	13.4	10.7	10.4	11.2
State of Utah.....	64,982,524	61,031,692	56,502,434	53,933,277	51,709,163	49,404,046	6.5	8.0	4.8	4.3	4.7
Local Sales and Use Tax Distribution:											
Midway City.....	\$ 794,489	\$ 726,989	\$ 634,496	\$ 595,816	\$ 549,565	\$ 522,383	9.3	14.6	6.5	8.4	5.2
Wasatch County (and all cities).....	5,860,202	5,206,647	4,711,469	4,299,237	3,924,257	3,591,549	12.6	10.5	9.6	9.6	9.3

- (1) U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.
- (2) University of Utah Kem C. Gardner Policy Institute, Ivory-Boyer Utah Report and Database.
- (3) Utah State Tax Commission.

Largest Employers In The County

Major employers in the County area include:

<u>Firm</u>	<u>Business</u>	<u>Employees</u>
Wasatch County School District.....	Public education	500–1,000
Wasatch County.....	Local government	250–500
Probst Electric.....	Construction	100–250
Heber Valley Medical Center.....	Health care	100–250
State of Utah.....	State government	100–250
RMD Management.....	Construction	100–250
Wal-Mart.....	Warehouse clubs/supercenters	100–250
Midway Properties Group.....	Tourism	100–250
Smith’s Food and Drug.....	Grocery stores	100–250
Homestead Resort.....	Tourism	100–250
Heber City.....	Local government	100–250
Summit Line Construction.....	Construction	100–250
Lee’s Marketplace.....	Grocery Stores	100–250
Langona Corp.....	Construction materials	50–100
Daniel’s academy.....	Public education	50–100
Heber Valley Historic Railroad.....	Tourism	50–100
Swiss Alps Inn/Dairy Keen.....	Restaurants	50–100
Redmond’s Minerals.....	Manufacturing	50–100
Red Ledges.....	Golf courses and country clubs	50–100
Heber Alop.....	Health care	50–100
Hotel cleaning services.....	Services to buildings and dwellings	50–100
Miro Industries.....	Construction materials	50–100
The Fit Stop Health Club.....	Fitness and recreational sports centers	50–100
Utah Athletic Foundation.....	Promoters of performing arts, sport.	50–100
United States Government.....	Federal government	50–100
Utah Valley State College.....	Higher education	50–100

(Source: Utah Department of Workforce Services. Information as of September 2019; updated February 2020.)

Rate Of Unemployment—Annual Average

<u>Year</u>	<u>The County</u>	<u>State of Utah</u>	<u>United States</u>
2020 (1).....	2.6%	2.5%	3.5%
2019.....	2.7	2.6	3.7
2018.....	3.1	3.2	3.9
2017.....	3.3	3.2	4.4
2016.....	3.4	3.4	4.9
2015.....	3.5	3.6	5.3

(1) Preliminary, subject to change. As of February 2020 (seasonally adjusted).

(Source: Utah Department of Workforce Services.)

DEBT STRUCTURE OF MIDWAY CITY, UTAH

Outstanding General Obligation Bonded Indebtedness

As of the date of this OFFICIAL STATEMENT, the City has outstanding the following general obligation bonds:

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2020 (1).....	Open space (GreenStar)	\$4,820,000	June 15, 2040	<u>\$4,820,000</u>

(1) For purposes of this OFFICIAL STATEMENT the 2020 Bonds will be considered issued and outstanding. Rated “A1” by Moody’s and “AA” (stable) (BAM insured by S&P Global Ratings (“S&P”), as of the date of this OFFICIAL STATEMENT.

(Source: Municipal Advisor.)

The Municipal Building Authority of Midway City, Utah

The Municipal Building Authority of Midway City, Utah (the “Authority”) is a nonprofit corporation incorporated, organized and existing pursuant to the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code (the “Nonprofit Corporation Act”), and as provided in the Local Building Authority Act, Title 17D, Chapter 2, Utah Code (the “Building Authority Act,” and collectively with the Nonprofit Corporation Act, the “Acts”). The Authority was created for the purpose of acquiring, constructing, improving or extending one or more projects on behalf of the City pursuant to the Acts.

The Authority’s debt does not constitute legal debt within the meaning of any constitutional provision or statutory limitation of the City. The Authority has entered into an annual lease with the City for its projects. The lease may be terminated by the City in any year and payments by the City may be made only from moneys which are annually budgeted and appropriated by the City for such purpose.

Lease Revenue Obligation Bonds Outstanding. The Authority has outstanding the following lease revenue bonds:

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2002 (1).....	Cemetery	\$200,000	February 10, 2023	<u>\$36,000</u>

(1) Not rated; no rating applied for. These bonds were privately placed.

(Source: Municipal Advisor.)

Other Financial Considerations

Future Issuance of Debt. With the issuance of the 2020 Bonds, the City will have no remaining general obligation bond authorization and does not anticipate the issuance of any other general obligation debt (other than the 2020 Bonds and any refunding opportunities) until new authorization is provided by voters. However, the City reserves the right to issue any bonds or other obligations as its capital needs may require.

**Debt Service Schedule Of Outstanding General
Obligation Bonds By Fiscal Year**

Fiscal Year Ending June 30	Series 2020 \$4,820,000		Total Debt Service
	Principal	Interest	
2019.....	\$ 0	\$ 0	\$ 0
2020.....	0	0	0
2021.....	145,000	175,454	320,454
2022.....	165,000	154,294	319,294
2023.....	175,000	146,044	321,044
2024.....	185,000	137,294	322,294
2025.....	190,000	128,044	318,044
2026.....	200,000	118,544	318,544
2027.....	210,000	108,544	318,544
2028.....	225,000	98,044	323,044
2029.....	235,000	86,794	321,794
2030.....	245,000	75,044	320,044
2031.....	260,000 (1)	62,794	322,794
2032.....	265,000 (1)	57,594	322,594
2033.....	270,000 (2)	52,294	322,294
2034.....	275,000 (2)	46,556	321,556
2035.....	280,000 (3)	40,713	320,713
2036.....	285,000 (3)	34,413	319,413
2037.....	290,000 (4)	28,000	318,000
2038.....	300,000 (4)	21,475	321,475
2039.....	305,000 (5)	14,725	319,725
2040.....	<u>315,000 (5)</u>	<u>7,481</u>	<u>322,481</u>
Totals.....	<u>\$ 4,820,000</u>	<u>\$ 1,594,142</u>	<u>\$ 6,414,142</u>

- (1) Mandatory sinking fund principal payments from a \$525,000 term bond due June 15, 2032.
- (2) Mandatory sinking fund principal payments from a \$545,000 term bond due June 15, 2034.
- (3) Mandatory sinking fund principal payments from a \$565,000 term bond due June 15, 2036.
- (4) Mandatory sinking fund principal payments from a \$590,000 term bond due June 15, 2038.
- (5) Mandatory sinking fund principal payments from a \$620,000 term bond due June 15, 2040.

(Source: Municipal Advisor.)

**Debt Service Schedule Of Outstanding Local
Building Authority Lease Revenue Bonds By
Fiscal Year**

Fiscal Year Ending June 30	Series 2002 \$200,000		Total Debt Service
	Principal	Interest	
2019.....	\$ 11,000	\$ 1,475	\$ 12,475
2020.....	12,000	1,200	13,200
2021.....	12,000	900	12,900
2022.....	12,000	600	12,600
2023.....	12,000	300	12,300
Totals.....	<u>\$ 59,000</u>	<u>\$ 4,475</u>	<u>\$ 63,475</u>

(Source: Municipal Advisor.)

Overlapping And Underlying General Obligation Debt

<u>Taxing Entity</u>	<u>2019 Taxable Value (1)</u>	<u>City's Portion of Taxable Value</u>	<u>City's Percentage</u>	<u>Entity's General Obligation Debt</u>	<u>City's Portion of G.O. Debt</u>
<i>Overlapping:</i>					
State of Utah	\$315,430,304,180	\$914,973,848	0.3%	\$2,003,625,000	\$ 6,010,875
CUWCD (2)	185,917,515,467	914,973,848	0.5	191,285,000	956,425
Wasatch County	6,648,157,622	914,973,848	13.8	1,025,000	141,450
Wasatch County School District	6,648,157,622	914,973,848	13.8	87,545,000	<u>12,081,210</u>
Total overlapping					<u>19,189,960</u>
<i>Underlying:</i>					
Total underlying					<u>0</u>
Total overlapping and underlying general obligation debt					<u>\$19,189,960</u>
Total overlapping general obligation debt (excluding the State) (3)					\$13,179,085
Total direct general obligation bonded indebtedness					<u>4,820,000</u>
Total direct and overlapping general obligation debt (excluding the State)					<u>\$17,999,085</u>

- (1) Preliminary and subject to change. Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Central Utah Water Conservancy District (“CUWCD”) outstanding general obligation bonds are limited ad valorem tax bonds. Certain portions of the principal of and interest on CUWCD’s general obligation bonds are paid from sales of water.
- (3) The State’s general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of general obligation bonds.

(Source: Municipal Advisor.)

Debt Ratios Regarding General Obligation Debt

The following table sets forth the ratios of general obligation debt (excluding any additional principal amounts attributable to unamortized original issue bond premium) that are expected to be paid from taxes levied specifically for such debt and not from other revenues over the taxable value of property within the City, the estimated market value of such property and the population of the City. *The State’s general obligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation debt.*

	<u>To 2019 Taxable Value (1)</u>	<u>To 2019 Market Value (2)</u>	<u>To 2018 Population Est. Per Capita (3)</u>
Direct general obligation debt.....	0.53%	0.37%	\$ 917
Direct and overlapping general obligation debt.....	1.97	1.37	3,424

- (1) Based on an estimated 2019 estimated Taxable Value of \$914,973,848 which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Based on an estimated 2019 estimated Market Value of \$1,311,076,626 which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (3) Based on 2018 estimate of 5,257 by the U.S. Census Bureau.

(Source: Municipal Advisor.)

Also, see “FINANCIAL INFORMATION REGARDING MIDWAY CITY, UTAH—Property Tax Matters—Uniform Fees” and “—Taxable, Fair Market And Market Value Of Property” below.

General Obligation Legal Debt Limit And Additional Debt Incurring Capacity

The general obligation indebtedness of the City is limited by State law to 12% of the fair market value of taxable property in the City (4% for general purposes and an additional 8% for sewer, water and electric purposes). The legal debt limit and additional debt incurring capacity of the City (after the issuance of the 2020 Bonds) are based on the estimated fair market value for 2019 and the calculated valuation from 2019 uniform fees, which are calculated as follows:

2019 "Fair Market Value"			\$1,311,076,626
2019 Valuation from Uniform Fees (1).....			<u>2,810,867</u>
2019 "Fair Market Value for Debt Incurring Capacity".....			<u>\$1,313,887,493</u>
	8% Sewer, Water and <u>Electric (2)</u>	4% Other <u>Purposes</u>	12% <u>Total</u>
"Fair Market Value" x 8%	\$105,110,999	\$ 0	\$105,110,999
"Fair Market Value" x 4%	<u>0</u>	<u>52,555,550</u>	<u>52,555,550</u>
Total debt incurring capacity	105,110,999	52,555,500	157,666,499
Less: current outstanding general obligation			
Debt	<u>(0)</u>	<u>(4,820,000)</u>	<u>(4,820,000)</u>
Additional debt incurring capacity.....	<u>\$105,110,999</u>	<u>\$47,735,500</u>	<u>\$152,846,499</u>

- (1) For debt incurring capacity only, in computing the fair market value of taxable property in the City, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) will be included as a part of the fair market value of the taxable property in the City.
- (2) The full 8% may be used for water, sewer and electric purposes but if it is so used, then no general obligation bonds may be issued in excess of 8% for any purpose. For legal debt limit purposes, the outstanding general obligation debt as shown above is increased by the premium associated with debt issued that is reported in the long-term debt notes of the City's financial statements.

(Source: Records from the State Tax Commission, compiled by the Municipal Advisor.)

No Defaulted Obligations

The City has never failed to pay principal of and interest on any of its financial obligations when due.

FINANCIAL INFORMATION REGARDING MIDWAY CITY, UTAH

Fund Structure; Accounting Basis

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government 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 charged to external parties for goods or services.

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. The remaining governmental and enterprise funds are combined into a single column and reported as other (nonmajor) funds. Internal service funds are aggregated and reported in single column on the proprietary fund financial statements.

Revenues and expenditures are recognized using the modified accrual basis of accounting in the governmental fund statements. Revenues are recognized in the accounting period in which they become both measurable and available. “Measurable” means that amounts can be reasonably determined within the current period. “Available” means that amounts are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues on cost–reimbursement grants are accrued when the related expenditures are incurred.

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

Budgets And Budgetary Accounting

The budget and appropriation process of the City is governed by the Uniform Fiscal Procedures Act for Utah Cities, Title 10, Chapter 6, Utah Code (the “Fiscal Procedures Act”). Pursuant to the Fiscal Procedures Act, the budget officer of the City is required to prepare budgets for the general fund, special revenue funds, debt service funds, capital project funds and proprietary funds. These budgets are to provide a complete financial plan for the budget (ensuing fiscal) year. Each budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures. Under the Fiscal Procedures Act, the total of anticipated revenues must equal the total of appropriated expenditures.

On or before the first regular meeting of the City Council of the City in May of each year, the budget officer is required to submit to the City Council tentative budgets for all funds for fiscal year commencing July 1. Various actual and estimated budget data are required to be set forth in the tentative budgets. The budget officer may revise the budget requests submitted by the heads of City departments but must file these submissions with the City Council together with the tentative budget. The budget officer is required to estimate in the tentative budget the revenue from non–property tax sources available for each fund and the revenue from general property taxes required by each fund. The tentative budget is then tentatively adopted by the City Council, with any amendments or revisions that the City Council deems advisable prior to the public hearing on the tentative budget. After public notice and hearing, the tentative budget is adopted by the City Council, subject to further amendment or revisions by the City Council prior to adoption of the final budget.

Prior to June 15 of each year, the final budgets for all funds are adopted by the City Council. The Fiscal Procedures Act prohibits the City Council from making any appropriation in the final budget of any fund more than the estimated expendable revenue of such fund. The adopted final budget is subject to amendment by the City Council during the fiscal year. However, to increase the budget total of any fund, public notice and hearing must be provided. Intra– and inter–department transfers of appropriation balances are permitted upon compliance with the Fiscal Procedures Act. The amount set forth in the final budget as the total amount of estimated revenue from property taxes constitutes the basis for determining the property tax levy to be set by the City Council for the succeeding tax year.

Also, see “APPENDIX A—BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF MIDWAY CITY, UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note 1. Summary of Significant Accounting Policies” (audit page 17).

Financial Controls

The City utilizes a computerized financial accounting system which includes a system of budgetary controls. State law requires budgets to be controlled by individual departments, but the City has also empowered the Finance Director to maintain control of major categories within departments. These controls are such that a requisition will not be entered into the purchasing system unless the appropriated funds are available. The Finance Director checks for sufficient funds again prior to the purchase order being issued and again before the payment check is issued.

Sources of General Fund Revenues

Set forth below are brief descriptions of the various sources of revenues available to the City's general fund. The percentage of total general fund revenues represented by each source is based on the City's Fiscal Year 2019 (total general fund revenues was \$4,581,446).

Taxes—Approximately 69% (or \$3,166,596) of general fund revenues are from taxes.

Licenses and permits—Approximately 13% (or \$602,044) of general fund revenues are collected from licenses and permits.

Charges for services—Approximately 9% (or \$429,073) of general fund revenues are from charges for services.

Intergovernmental revenue—Approximately 7% (or \$299,220) of general fund revenues are from State and federal shared grant revenues or grants.

Other Revenues—Approximately 2% (or \$84,513) of general fund revenues are collected from other revenues items.

(Source: Compiled by the Municipal Advisor from information taken from the Fiscal Year 2019 annual financial statements of the City.)

Five-Year Financial Summaries

The summaries contained herein were extracted from the City's annual information reports. The summaries themselves have not been audited.

The City's annual financial report for Fiscal Year 2020 must be completed under State law by December 31, 2020.

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Midway City

Statement of Net Position

(This summary has not been audited)

	As of June 30				
	2019	2018	2017	2016	2015
Assets and deferred outflows of resources					
Assets					
Current Assets:					
Cash.....	\$ 11,255,445	\$ 9,499,018	\$ 9,336,634	\$ 8,121,264	\$ 8,095,183
Restricted cash.....	1,528,822	1,450,814	2,573,496	2,569,877	2,116,868
Prepaid insurance.....	-	-	-	29,107	-
Accounts receivable (net).....	76,792	208,203	110,627	36,818	66,262
Due from other governments.....	1,244,172	1,182,261	1,119,614	1,041,694	1,020,421
Inventory.....	20,000	20,000	20,000	20,000	20,000
Investment in joint venture.....	4,126,141	3,757,961	3,347,361	2,984,505	2,836,893
Net pension asset.....	-	-	775	86	723
Capital assets:					
Land.....	4,331,636	3,646,832	3,628,832	3,628,832	3,628,832
Construction in progress.....	789,413	935,687	1,101,378	470,131	522,052
Water stock.....	26,722,050	25,303,300	23,590,800	21,853,300	21,853,300
Buildings.....	3,692,052	2,808,505	2,808,505	2,787,305	2,753,935
Improvements.....	2,939,714	2,824,715	2,237,596	2,201,085	2,101,694
Infrastructure.....	32,491,869	29,906,175	24,375,804	22,864,258	18,710,422
Machinery and equipment.....	2,638,971	2,510,866	2,220,022	1,904,035	1,823,457
Ice rink.....	339,015	339,015	339,015	339,015	339,015
Less accumulated depreciation.....	(13,403,771)	(12,451,418)	(11,476,510)	(10,554,548)	(9,720,719)
Total current assets.....	78,792,321	71,941,934	65,333,949	60,296,766	56,168,338
Deferred outflows of resources					
Deferred outflows of resources related to pensions.....	258,696	265,821	266,151	234,455	71,208
Total deferred outflows of resources.....	258,696	265,821	266,151	234,455	71,208
Total assets and deferred outflows of resources.....	\$ 79,051,017	\$ 72,207,755	\$ 65,600,100	\$ 60,531,221	\$ 56,239,546
Liabilities, deferred inflows of resources and net position					
Accounts payable.....	\$ 567,021	\$ 668,917	\$ 699,554	\$ 334,395	\$ 636,659
Accrued liabilities.....	30,426	28,024	23,795	18,645	52,094
Deposits and bonds.....	1,184,498	894,293	897,241	641,140	470,093
Noncurrent Liabilities					
Due in less than one year.....	11,000	11,000	11,000	11,000	11,000
Due in more than one year.....	591,727	402,279	569,173	507,711	408,740
Total liabilities.....	2,384,672	2,004,513	2,200,763	1,512,891	1,578,586
Deferred inflows of resources					
Unavailable revenue - property taxes.....	800,260	758,745	722,216	682,905	668,501
Deferred inflows of resources related to pensions.....	29,866	207,821	61,097	54,390	39,700
Total liabilities and deferred outflows of resources.....	3,214,798	2,971,079	2,984,076	2,250,186	2,286,787
Net position					
Net investment in capital assets, net of related debt.....	60,540,949	55,823,677	48,825,442	45,493,414	42,011,988
Restricted-expendable					
Class "C" roads.....	506,283	437,381	321,977	273,593	243,018
Impact fees.....	681,633	672,642	1,910,728	1,966,791	1,544,357
Perpetual care.....	329,493	329,493	329,493	329,493	329,493
Unrestricted.....	13,777,861	11,973,483	11,228,384	10,217,744	9,823,903
Total net position.....	75,836,219	69,236,676	62,616,024	58,281,035	53,952,759
Total liabilities, deferred outflows of resources and net position.....	\$ 79,051,017	\$ 72,207,755	\$ 65,600,100	\$ 60,531,221	\$ 56,239,546

(Source: Information extracted from the City's audited financial statements compiled by Municipal Advisor.)

Midway City

Statement of Activities

Primary Government

(This summary has not been audited)

	Net (Expense) Revenues and Changes in Net Position				
	Fiscal Year Ended June 30				
	2019	2018	2017	2016	2015
Primary government					
Governmental activities					
General administration.....	\$ (1,346,281)	\$ (1,278,360)	\$ (964,361)	\$ (729,143)	\$ (868,017)
Public safety.....	(218,802)	(188,046)	(192,931)	(163,475)	(172,624)
Economic development.....	217,406	182,726	222,238	42,118	56,235
Highways and public works.....	1,496,484	1,929,273	(84,194)	1,278,684	(593,231)
Parks and recreation.....	(233,547)	(152,425)	(159,153)	(69,211)	(186,994)
Cemetery.....	(113,078)	(95,467)	(80,874)	(65,282)	(74,663)
Total governmental activities.....	<u>(197,818)</u>	<u>397,701</u>	<u>(1,259,275)</u>	<u>293,691</u>	<u>(1,839,294)</u>
Business-type activities					
Water.....	2,776,602	2,603,815	2,280,702	1,247,811	1,475,279
Ice rink.....	(34,735)	(81,271)	(57,120)	(47,997)	(47,305)
Total business-type activities.....	<u>2,741,867</u>	<u>2,522,544</u>	<u>2,223,582</u>	<u>1,199,814</u>	<u>1,427,974</u>
Total primary government.....	<u>2,544,049</u>	<u>2,920,245</u>	<u>964,307</u>	<u>1,493,505</u>	<u>(411,320)</u>
General revenues					
Taxes:					
Property tax.....	833,270	821,062	783,788	753,048	759,018
Sales and use.....	887,531	807,074	746,084	639,884	607,084
Telecommunications and franchise.....	433,934	422,909	461,597	374,316	348,162
Room tax.....	115,076	101,830	88,416	69,372	77,041
Resort tax.....	695,777	604,538	563,660	439,095	445,069
Highway tax.....	201,008	170,427	164,264	126,877	127,598
Interest and investment earnings.....	850,474	660,614	524,575	255,697	120,939
Miscellaneous.....	38,424	35,712	37,196	176,482	53,389
Total general revenues.....	<u>4,055,494</u>	<u>3,624,166</u>	<u>3,369,580</u>	<u>2,834,771</u>	<u>2,538,300</u>
Change in net position.....	<u>6,599,543</u>	<u>6,544,411</u>	<u>4,333,887</u>	<u>4,328,276</u>	<u>2,126,980</u>
Net position—beginning, as restated.....	<u>69,236,676</u>	<u>62,692,265</u>	<u>58,282,137</u>	<u>53,952,759</u>	<u>51,825,779</u>
Net position—ending.....	<u>\$ 75,836,219</u>	<u>\$ 69,236,676</u>	<u>\$ 62,616,024</u>	<u>\$ 58,281,035</u>	<u>\$ 53,952,759</u>

This report is presented in summary format concerning the single item of “Net (Expense) Revenue and Changes in Net Assets” and is not intended to be complete.

(Source: Information extracted from the City’s audited financial statements compiled by Municipal Advisor.)

Midway City

Balance Sheet—Governmental Funds

General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2019	2018	2017	2016	2015
Assets					
Cash.....	\$ 1,901,744	\$ 1,736,967	\$ 1,364,813	\$ 926,502	\$ 1,081,880
Prepaid insurance.....	-	-	-	29,107	-
Accounts receivable.....	60,185	179,692	79,454	25,272	36,013
Due from other governments.....	1,244,172	1,182,261	1,119,614	1,041,694	1,020,421
Total assets.....	\$ 3,206,101	\$ 3,098,920	\$ 2,563,881	\$ 2,022,575	\$ 2,138,314
Liabilities, deferred inflows of resources and fund balance					
Liabilities					
Accounts payable.....	\$ 90,016	\$ 56,615	\$ 17,361	\$ 74,597	\$ 82,827
Accrued liabilities.....	30,426	28,024	23,795	18,645	52,094
Deposits and bonds.....	1,156,431	866,226	869,174	613,073	470,093
Total liabilities.....	1,276,873	950,865	910,330	706,315	605,014
Deferred inflows of resources.....	800,260	758,745	722,216	682,905	668,501
Total liabilities and deferred outflows of resources.	2,077,133	1,709,610	1,632,546	1,389,220	1,273,515
Fund balance					
Unassigned.....	1,128,968	1,389,310	931,335	633,385	864,799
Total fund balance.....	1,128,968	1,389,310	931,335	633,385	864,799
Total liabilities, deferred inflows of resources and fund balance.....	\$ 3,206,101	\$ 3,098,920	\$ 2,563,881	\$ 2,022,605	\$ 2,138,314

(Source: Information extracted from the City's audited financial statements compiled by Municipal Advisor.)

Midway City

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Fund—General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2019	2018	2017	2016	2015
Revenues					
Taxes.....	\$ 3,166,596	\$ 2,927,840	\$ 2,807,809	\$ 2,402,592	\$ 2,363,972
Licenses and permits.....	602,044	406,022	516,829	643,082	508,433
Intergovernmental.....	299,220	256,032	280,358	231,299	257,361
Charges for services.....	429,073	379,847	400,214	224,063	243,283
Other revenues.....	84,513	70,154	84,763	90,092	86,542
Total revenues.....	4,581,446	4,039,895	4,089,973	3,591,128	3,459,591
Expenditures					
Current					
General government.....	1,819,528	1,565,849	1,310,619	1,297,371	1,226,042
Public safety.....	281,012	243,647	258,022	218,641	244,217
Economic development.....	25,000	25,000	25,000	25,000	25,000
Highways and public works.....	171,625	256,438	304,490	307,017	283,431
Parks and recreation.....	250,395	194,947	217,762	264,864	194,565
Cemetery.....	133,690	120,989	111,065	93,323	106,976
Tourism and culture.....	19,521	12,614	36,010	16,073	29,413
Capital outlay					
General government.....	-	-	-	5,601	-
Highways and public works.....	-	-	-	74,976	76,139
Total expenditures.....	2,700,771	2,419,484	2,262,968	2,302,866	2,185,783
Excess of revenues over (under) expenditures...	1,880,675	1,620,411	1,827,005	1,288,262	1,273,808
Other financing sources (uses)					
Operating transfers out.....	(2,141,017)	(1,162,436)	(1,529,055)	(1,519,676)	(983,683)
Total other financing sources (uses).....	(2,141,017)	(1,162,436)	(1,529,055)	(1,519,676)	(983,683)
Net change in fund balances.....	(260,342)	457,975	297,950	(231,414)	290,125
Fund balance at beginning of year.....	1,389,310	931,335	633,385	864,799	574,674
Fund balance at end of year.....	\$ 1,128,968	\$ 1,389,310	\$ 931,335	\$ 633,385	\$ 864,799

(Source: Information extracted from the City's audited financial statements compiled by Municipal Advisor.)

Ad Valorem Tax Levy And Collection

The Utah State Tax Commission (the “State Tax Commission”) must assess all centrally assessed property (as defined under “Property Tax Matters” below) by May 1 of each year. County assessors must assess all locally assessed property (as defined under “Property Tax Matters” below) before May 22 of each year. The State Tax Commission apportions the value of centrally assessed property to the various taxing entities within each county and reports such values to county auditors before June 8. The governing body of each taxing entity must adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate before June 22; provided if the governing body has not received the taxing entity’s certified tax rate at least seven days prior to June 22, the governing body of the taxing entity must, no later than 14 days after receiving the certified tax rate from the county auditor, adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate. County auditors must forward to the State Tax Commission a statement prepared by the legislative body of each taxing entity showing the amount and purpose of each levy. Upon determination by the State Tax Commission that the tax levies comply with applicable law and do not exceed maximum permitted rates, the State Tax Commission notifies county auditors to implement the levies. If the State Tax Commission determines that a tax levy established by a taxing entity exceeds the maximum levy permitted by law, the State Tax Commission must lower the levy to the maximum levy permitted by law, notify the taxing entity that the rate has been lowered and notify the county auditor (of the county in which the taxing entity is located) to implement the rate established by the State Tax Commission.

On or before July 22 of each year, the county auditors must mail to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Taxpayers owning property assessed by a county assessor may file an application within statutorily defined time limits based on the nature of the contest with the appropriate county board of equalization for contesting the assessed valuation of their property. The county board of equalization must render a decision on each appeal in the time frame prescribed by the Property Tax Act. Under certain circumstances, the county board of equalization must hold a hearing regarding the application, at which the taxpayer has the burden of proving that the property sustained a decrease in fair market value. Decisions of the county board of equalization may be appealed to the State Tax Commission, which must decide all appeals relating to real property by March 1 of the following year. Owners of centrally–assessed property or any county showing reasonable cause, may, on or before the later of August 1 or a day within 90 days of the date the notice of assessment is mailed by the State Tax Commission, apply to the State Tax Commission for a hearing to contest the assessment of centrally–assessed property. The State Tax Commission must render a written decision within 120 days after the hearing is completed and all post–hearing briefs are submitted. The county auditor makes a record of all changes, corrections and orders, and delivers before November 1 the corrected assessment rolls to the county treasurers. On or before November 1, each county treasurer furnishes each taxpayer a notice containing, among other things, the kind and value of the property assessed to the taxpayer, the street address of the property, where applicable, the amount of the tax levied on the property and the year the property is subject to a detailed review.

Without an extension by a County legislative body, taxes are due November 30 (and if a Saturday, Sunday or holiday, the next business day). Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10 whichever is greater (delinquent taxes paid on or before January 31 immediately following the delinquency date the penalty is 1% of the amount of the delinquent tax or \$10 whichever is greater). Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6% from the January 1 following the delinquency date until paid (said interest may not be less than 7% nor more than 10%). If delinquent taxes have not

been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

The process described above changes if a county or other taxing entity proposes a tax rate in excess of the certified tax rate (as described under “Public Hearing On Certain Tax Increases” below). If such an increase is proposed, the taxing entity must adopt a proposed tax rate before June 22. In addition, the county auditor must include certain information in the notices to be mailed by July 22, as described above, including information concerning the tax impact of the proposed increase on the property and the time and place of the public hearing described in “Public Hearing On Certain Tax Increases” below. In most cases, notice of the public hearing must also be advertised by publication. After the public hearing is held, the taxing entity may adopt a resolution levying a tax more than the certified tax rate. A resolution levying a tax more than the certified tax rate must be forwarded to the county auditor by August 17. The final tax notice is then mailed by November 1.

Public Hearing On Certain Tax Increases

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so (by resolution) only after holding a properly noticed public hearing. Generally, the certified tax rate is the rate necessary to generate the same property tax revenue that the taxing entity budgeted for the prior year, with certain exclusions. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of eligible new growth. With certain exceptions, the certified tax rate for the minimum school levy, debt service voted on by the public and certain state and county assessing and collecting levies are the actual levies imposed for such purposes and no hearing is required for these levies.

Among other requirements, on or before July 22 of the year in which such an increase is proposed, the county auditor must mail to all property owners a notice of the public hearing. In most cases, the taxing entity must advertise the notice of public hearing by publication in a newspaper. Such notices must state, among other things, the value of the property, the time and place of the public hearing, and the tax impact of the proposed increase.

Property Tax Matters

The Property Tax Act provides that all taxable property is required to be assessed and taxed at a uniform and equal rate based on its “fair market value” as of January 1 of each year, unless otherwise provided by law. “Fair market value” is defined in the Property Tax Act as “the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.” Pursuant to an exemption for residential property provided for under the Property Tax Act and Article XIII of the State Constitution, the “fair market value” of residential property is reduced by 45%. The residential exemption is limited to one acre of land per residential unit and to one primary residence per household, except that an owner of multiple residential properties may exempt his or her primary residence and each residential property that is the primary residence of a tenant.

The Property Tax Act provides that the State Tax Commission shall assess certain types of property (“centrally-assessed property”), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) properties, (iii) airline operating properties, (iv) geothermal resources and (v) mines, mining claims and appurtenant machinery, facilities and improvements. All other taxable property (“locally-assessed property”) is required to be assessed by the county assessor of the county in which such locally-assessed property is located. Each county assessor must update property values annually based upon a systematic review of current market data by using a State mandated mass appraisal system and must also complete a detailed review of property characteristics for each parcel of property at least once every five years. The Property Tax Act requires that the State Tax Commission conduct an annual investigation in each county to deter-

mine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its “fair market value.”

The State Tax Commission and the county assessors utilize various valuation methods, as determined by statute, administrative regulation or accepted practice, to determine the “fair market value” of taxable property.

Uniform Fees. An annual statewide uniform fee is levied on certain tangible personal property in lieu of the ad valorem tax. Subject to certain exemptions, the current uniform fee on motor vehicles that weigh 12,001 pounds or more and certain watercraft is equal up to 1.5% of the market value. Motor vehicles weighing 12,000 pounds or less are subject to an “age based” fee that is due each time the vehicle is registered. Such fees range from \$5 to \$150. Various uniform fees are also levied against other types of tangible personal property required to be registered with the State, including recreational vehicles, in lieu of the ad valorem property tax. The revenues collected from the various uniform fees are distributed by the county of each taxing entity in which the property is located, in the same proportion in which revenue collected from ad valorem real property tax is distributed.

Historical Ad Valorem Tax Rates

The maximum rate of levy applicable to the City for general fund operations authorized by State law is .007000 per dollar of taxable value of taxable property within the City. *The City may levy an unlimited tax levy to pay the principal of and interest on legally issued general obligation bonds.*

	Tax Rate (Calendar Year)					
	Maximum Limit	2019	2018	2017	2016	2015
General operations.....	.007000	.000931	.000936	.001019	.001097	.001133
General obligation bonds.....	unlimited	.000000	.000000	.000000	.000000	.000000
Judgment recovery levy (1)..	unlimited	<u>.000000</u>	<u>.000000</u>	<u>.000000</u>	<u>.000000</u>	<u>.000000</u>
Total levy.....		<u>.000931</u>	<u>.000936</u>	<u>.001019</u>	<u>.001097</u>	<u>.001133</u>

(1) A “judgment levy” is levied for the purpose of collecting additional revenues. The City has the legal right to levy a “judgment levy” in the succeeding tax year to make up for any tax revenue shortfall due to tax or revaluation “judgment” circumstances that the City had no control over.

(Source: Information taken from reports of the Utah State Tax Commission. Compiled by the Municipal Advisor.)

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Comparative Ad Valorem Total Property Tax Rates Within Wasatch County

<u>Tax Levying Entity (1)</u>	<u>Total Tax Rate Within Taxing Area (Fiscal Year)</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Wasatch School District:					
Charleston Town.....	.012469	.012238	.012269	.012493	.011847
Heber City.....	.012121	.012391	.012459	.012795	.012203
Midway City.....	.012069	.012239	.012312	.012623	.011994
Park City.....	.013409	.013371	.013636	.013708	.013204
Wallsburg Town.....	.011927	.012020	.012098	.012323	.011652
Daniel Town.....	.011466	.011855	.011927	.012155	.011516
Hideout Town.....	.012408	.012163	.012254	.012697	.012179
Interlaken Town.....	.013621	.012878	.013035	.011526	—
Unincorporated areas (2):					
Wasatch School District.....	.013751	.013757	.013976	.014416	.013835

(1) These tax rates represent a taxing district within the city or town with the highest combined total tax rates of all overlapping taxing districts.

(2) These tax rates represent a taxing district within the unincorporated municipalities within the County with the highest combined total tax rates of all overlapping taxing districts.

(Source: Information taken from reports of the Utah State Tax Commission. Compiled by the Municipal Advisor.)

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Taxable, Fair Market And Market Value Of Property Of The City

Calendar Year	Taxable Value	% Change Over Prior Year	Fair Market/Market Value (1)	% Change Over Prior Year
2019 *	\$ 914,973,848	7.7	\$ 1,311,076,626	7.8
2018	849,544,363	12.7	1,216,342,549	14.3
2017	753,638,369	12.4	1,064,145,889	13.4
2016	670,668,582	4.0	938,366,745	5.4
2015	644,841,402	8.2	890,607,338	10.8

* Preliminary; subject to change. Fair Market/Market Value calculated by the Municipal Advisor.

(1) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act. Does not include market valuation for semiconductor manufacturing equipment ("SCME").

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)

Historical Summaries Of Taxable Values Of Property Of The City

	Calendar Year					
	2019		2018	2017	2016	2015
	Taxable Value*	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by State Tax Commission						
<i>(centrally assessed)</i>						
Total centrally assessed.....	\$ 4,569,301	0.5 %	\$ 4,136,348	\$ 3,768,953	\$ 3,867,045	\$ 2,602,056
Set by County Assessor						
<i>(locally assessed)</i>						
Real property (land and buildings)						
Primary residential.....	483,955,580	52.9	448,138,857	379,339,154	327,016,606	300,210,549
Secondary residential.....	339,331,856	37.1	328,546,209	305,460,551	282,839,845	286,193,107
Commercial and industrial.....	34,263,171	3.7	31,066,882	28,562,658	28,403,460	26,220,554
FAA (greenbelt).....	275,788	0.0	253,367	263,352	277,470	268,873
Unimproved non FAA (vacant)....	47,115,882	5.1	32,114,814	30,269,471	22,887,920	23,871,643
Agricultural.....	1,699,148	0.2	1,699,148	1,202,386	1,176,466	932,794
Total real property.....	906,641,425	99.1	841,819,277	745,097,572	662,601,767	637,697,520
Personal property						
Primary mobile homes.....	170,037	0.0	170,037	170,037	170,038	170,039
Secondary mobile homes.....	0	0.0	0	0	0	0
Other business.....	3,593,085	0.4	3,418,701	4,601,807	4,029,732	4,371,787
SCME.....	0	0.0	0	0	0	0
Total personal property.....	3,763,122	0.4	3,588,738	4,771,844	4,199,770	4,541,826
Total locally assessed.....	910,404,547	99.5	845,408,015	749,869,416	666,801,537	642,239,346
Total taxable value.....	\$ 914,973,848	100.0 %	\$ 849,544,363	\$ 753,638,369	\$ 670,668,582	\$ 644,841,402

* Preliminary; subject to change.

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)

Tax Collection Record

The following table shows the taxes collected by the City as of the Tax Year.

Tax Year End 12/31	(1) Total Taxes Levied	(2) Treasurer's Relief	Net Taxes Assessed	Current Collections	(3) Delinq. Personal Property & Misc. Collections	(4) Total Collections	%Current Collections to Net Taxes Assessed	% of Total Col- lections to Net Taxes Assessed
2018...	\$851,859	\$10,752	\$841,107	\$805,602	\$32,996	\$838,598	95.8	99.7
2017...	795,471	9,345	786,126	752,665	59,415	812,080	95.7	103.3
2016...	768,330	8,001	760,329	728,093	40,712	768,805	95.8	101.1
2015...	735,875	7,837	728,038	696,445	28,543	724,988	95.7	99.6
2014...	730,825	8,138	722,687	689,232	33,808	723,040	95.4	100.0

(1) Excludes redevelopment agencies valuation.

(2) Treasurer's Relief includes abatements established by statute to low-income, elderly and for hardship situations. These Treasurer's Relief items are levied against the property but are never collected and paid to the entity.

(3) Delinquent Collections include interest; sales of real and personal property; and miscellaneous delinquent collections.

(4) In addition to the Total Collections indicated above, the City collected fees-in-lieu payments for tax year 2018 of \$42,163; tax year 2017 of \$43,913; for tax year 2016 of \$44,311; for tax year 2015 of \$46,443; and for tax year 2014 of \$45,339; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)

Some Of The Largest Ad Valorem Property Taxpayers In The City

Taxpayer	Type of Business	2019 Taxable Value (1)	% of the City's 2019 Tax Value
Legacy Resorts LLC	Resort hotel	\$ 3,354,408	0.4
Private residence	Private residence	2,193,075	0.2
Private residence	Private residence	2,083,860	0.2
Private residence.....	Private residence	1,966,433	0.2
CJM Limited Liability Partnership	Retail trade	1,964,324	0.2
The Homestead Group LLC.....	Resort hotel	1,913,127	0.2
Millstream Properties LLC	Property management	1,673,215	0.2
Private residence	Private residence	1,540,972	0.2
River Bottoms Ranch Midway City.....	Events facility	1,416,714	0.2
Private residence	Private residence	<u>1,398,015</u>	0.2
Totals.....		<u>\$19,504,143</u>	2.1

(1) Taxable Value used in this table excludes all tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. See "Taxable, Fair Market And Market Value Of Property" above.

(Source: Wasatch County Assessor.)

Potential Impact Of The Coronavirus (COVID-19)

In December 2019, a novel strain of coronavirus disease known as COVID-19 emerged for the first time and since that date the virus has spread throughout the world, including the United States, the State, the County, and the City, and has been characterized by the World Health Organization as a pandemic.

The continued proliferation of COVID-19 throughout the State may adversely affect the City due to the economic ramifications of mandatory business, schools, and other closures. The Wasatch County Health Department issued a temporary “stay at home” order that requires all residents within the County, and including those of the City, to stay at home and cease non-essential travel and operations until at least May 1, 2020. The COVID-19 pandemic could negatively impact the finances and operations of the City and result in increased costs to the City and/or negative impacts on the collection of property and sales taxes within the City due to tax payment delinquencies, disruption of the collection of taxes by the State and/or the County, or other related factors that may affect the City’s budget and cash flows. Significant developments regarding COVID-19 continue to occur daily and the extent to which COVID-19 will impact the City in the future is highly uncertain and cannot be predicted. ***However, the City does not expect the factors described above to negatively impact the City’s ability to pay the principal of and interest on the 2020 Bonds.***

LEGAL MATTERS

Absence Of Litigation Concerning The 2020 Bonds

There is no litigation pending or threatened questioning or in any manner relating to or affecting the validity of the 2020 Bonds.

On the date of the execution and delivery of the 2020 Bonds, certificates will be delivered by the City to the effect that to the knowledge of the City, there is no action, suit, proceeding or litigation pending or threatened against the City, which in any way materially questions or affects the validity or enforceability of the 2020 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the City.

A non-litigation opinion issued by Corbin B. Gordon, City Attorney, dated the date of closing, will be provided stating, among other things, that there is not pending, or to his knowledge threatened, any action, suit, proceeding, inquiry, or any other litigation or investigation, at law or in equity, before or by any court, public board or body, challenging the creation, organization or existence of the City, or the ability of the City, or their respective officers to authenticate, execute or deliver the 2020 Bonds or such other documents as may be required in connection with the issuance and sale of the 2020 Bonds, or to comply with or perform its respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2020 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2020 Bonds are issued, the legality of the purpose for which the 2020 Bonds are issued, or the validity of the 2020 Bonds or the issuance and sale thereof.

General

Certain legal matters incident to the authorization, issuance and sale of the 2020 Bonds are subject to the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel to the City. Certain legal matters will be passed upon for the City by Corbin B. Gordon, City Attorney. The approving opinion of Bond Counsel will be delivered with the 2020 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL” of this OFFICIAL STATEMENT will be made available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness, or sufficiency of the OFFICIAL STATEMENT or other offering material relating to the 2020 Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this OFFICIAL STATEMENT.

The various legal opinions to be delivered concurrently with the delivery of the 2020 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the 2020 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the 2020 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Utah, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the 2020 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the 2020 Bonds.

Opinion Of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under the law currently existing as of the issue date of the 2020 Bonds:

Federal Tax Exemption. The interest on the 2020 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the 2020 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The 2020 Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986 (the “Code”).

State of Utah Tax Exemption. The interest on the 2020 Bonds is exempt from State of Utah individual income taxes.

Bond Counsel’s opinions are provided as of the date of the original issue of the 2020 Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2020 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the 2020 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2020 Bonds.

No Other Opinion. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the 2020 Bonds, except as expressly provided herein. Purchasers of the 2020 Bonds should consult their tax advisors as to the applicability of these tax consequences and other income tax consequences of the purchase, ownership and disposition of the 2020 Bonds, including the possible application of state, local, foreign and other tax laws.

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a 2020 Bond over its issue price. The issue price of a 2020 Bond is generally the first price at which a substantial amount of the 2020 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a 2020 Bond during any accrual period generally equals (1) the issue price of that 2020 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that 2020 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that 2020 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that 2020 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a 2020 Bond over its stated redemption price at maturity. The issue price of a 2020 Bond is generally the first price at which a substantial amount of the 2020 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the 2020 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the 2020 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the 2020 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a 2020 Bond, an owner of the 2020 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the 2020 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the 2020 Bond. To the extent a 2020 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the 2020 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the 2020 Bonds, and to the proceeds paid on the sale of the 2020 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the 2020 Bonds should be aware that ownership of the 2020 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2020 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of 2020 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase,

ownership and disposition of the 2020 Bonds, including the possible application of state, local, foreign and other tax laws.

MISCELLANEOUS

Bond Ratings

As of the date of this OFFICIAL STATEMENT, the 2020 Bonds are expected to be rated “AA” (stable outlook) by S&P, with the understanding that upon delivery of the 2020 Bonds, a policy guaranteeing the payment when due of the principal of and interest on the 2020 Bonds will be issued by BAM. See “BOND INSURANCE” above. In addition, the 2020 Bonds have been rated “A1” by Moody’s. An explanation of these ratings may be obtained from Moody’s. The City has not directly applied to Fitch or S&P for a rating on the 2020 Bonds.

Such rating does not constitute a recommendation by the rating agencies to buy, sell or hold the 2020 Bonds. Such rating reflects only the view of Moody’s and any desired explanation of the significance of such rating should be obtained from Moody’s. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own.

Any explanation of the significance of this outstanding rating may only be obtained from the rating service furnishing the same. There is no assurance that the rating given to the outstanding general obligation bonds will continue for any given period or that the rating will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2020 Bonds.

Municipal Advisor

The City has entered an agreement with the Municipal Advisor where under the Municipal Advisor provides financial recommendations and guidance to the City with respect to preparation for sale of the 2020 Bonds, timing of sale, taxable and tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2020 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this OFFICIAL STATEMENT and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

Independent Auditors

The basic financial statements and required supplementary information of the City as of June 30, 2019 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Gilbert & Stewart, Certified Public Accountants, Heber City, Utah (“Gilbert & Stewart”), as stated in their report in “APPENDIX A—BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF MIDWAY CITY, UTAH FOR FISCAL YEAR 2019” (audit page 2). Gilbert & Stewart has not been engaged to perform and has not performed, since the date of their report included in the Fiscal Year 2019 audited financial statements, any procedures on the financial statements addressed in the Fiscal Year 2019 audited financial statements.

Gilbert & Stewart has not participated in the preparation or review of this OFFICIAL STATEMENT. Based upon their non-participation, they have not consented to the use of their name in this OFFICIAL STATEMENT.

Additional Information

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

Any statements in this OFFICIAL STATEMENT involving matters of opinion, whether expressly so stated, are intended as such and not as representation of fact.

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

This OFFICIAL STATEMENT and its distribution and use have been duly authorized by the City.

Midway City, Utah

APPENDIX A

**BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION
OF MIDWAY CITY, UTAH FOR FISCAL YEAR 2019**

The audited financial statements for Fiscal Year 2019 are contained herein.

The City's audited financial statements for Fiscal Year 2020 must be completed under State law by December 31, 2020.

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**MIDWAY CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS

Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-7

Basic Financial Statements:

Government Wide Financial Statements:

Statement of Net Position	8
Statement of Activities	9

Governmental Funds Statements:

Balance Sheet – Governmental Funds	10
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13

Proprietary Fund Statements:

Statement of Net Position – Proprietary Funds	14
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	15
Statement of Cash Flows – Proprietary Funds	16

Notes to the Financial Statements	17-41
---	-------

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes to Fund Balances Budget and Actual – General Fund	42-43
Schedule of the Proportionate Share of the Net Pension Liability	44
Schedule of Contributions	45
Notes to the Required Supplementary Information	46

Supplementary Information:

Combining Balance Sheet – Nonmajor funds	47
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor funds	48

Auditor’s Reports:

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	49-50
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Independent Auditor’s Report on Compliance and on Internal Controls Over Compliance in Accordance with the <i>State of Utah Legal Compliance Audit Guide</i>	51-52
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Midway City Corporation
Midway, Utah

December 31, 2019

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 Midway City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Midway City, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Midway City's basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019 on our consideration of Midway City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Midway City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
Certified Public Accountants

MIDWAY CITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2019

This document is a narrative overview and analysis of the financial activities of Midway City for the fiscal year ending June 30, 2019. Midway City management encourages readers to consider the information presented here in conjunction with the financial statements, which follow this section. To help the reader with navigation of this report the city’s activities are classified in the following manner: government activities include basic services such as public safety, public works, parks and recreation, cemetery and general government administration, while business-type activities include water and ice rink. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Government activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities.
- The Statement of Activities focuses gross and net costs of city programs and the extent to which such programs rely upon general tax and revenues. This statement summarizes the user’s analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major government funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City’s major government funds are presented in their own column and the remaining funds are combined into a column titled “Other Government Funds.” A budgetary comparison is presented for the general fund, which is the only fund for which a budget is legally adopted. Statements for the City’s proprietary funds follow the governmental funds and include net position, revenues, expenses and changes in net position, and cash flow.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City’s financial condition.

Readers desiring additional information on nonmajor funds can find it in the Combining Statements of Nonmajor Funds section of this report. Completing the financial section of the report are schedules on capital assets and other financial schedules.

The Management’s Discussion and Analysis is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

**MIDWAY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Government-wide Financial Statements

A condensed version of the Statement of Net Position at June 30, 2019 and 2018 follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
ASSETS						
Cash and investments	\$ 8,179,963	\$ 7,352,592	\$ 4,604,304	\$ 3,597,240	\$12,784,267	\$10,949,832
Other assets	1,304,357	1,361,953	4,162,748	3,806,472	5,467,105	5,168,425
Capital assets	21,795,575	18,955,568	38,745,374	36,868,109	60,540,949	55,823,677
Total assets	31,279,895	27,670,113	47,512,426	44,271,821	78,792,321	71,941,934
Deferred outflows of resources	221,177	227,217	37,519	38,604	258,696	265,821
Total assets and deferred outflows	31,501,072	27,897,330	47,549,945	44,310,425	79,051,017	72,207,755
LIABILITIES						
Current liabilities	1,616,276	1,324,440	176,669	277,794	1,792,945	1,602,234
Noncurrent liabilities	525,072	363,695	66,655	38,584	591,727	402,279
Total liabilities	2,141,348	1,688,135	243,324	316,378	2,384,672	2,004,513
Deferred inflows of resources	826,628	935,965	3,498	30,601	830,126	966,566
Total liabilities & deferred inflows	2,967,976	2,624,100	246,822	346,979	3,214,798	2,971,079
NET POSITION						
Net investment in capital assets	21,795,575	18,955,568	38,745,374	36,868,109	60,540,949	55,823,677
Restricted	1,517,409	1,439,516	-	-	1,517,409	1,439,516
Unrestricted	5,220,112	4,878,146	8,557,749	7,095,337	13,777,861	11,973,483
Total net position	\$28,533,096	\$25,273,230	\$47,303,123	\$43,963,446	\$75,836,219	\$69,236,676

During the year ended June 30, 2019 there were some significant events that changed the components of net position. An explanation of these events follows:

Governmental Activities:

- Cash has decreased by \$827,371 compared to 2018.
- The City invested had a net increase of \$3,712,243 in capital assets with \$1,699,953 in new purchased assets and contributed capital of \$2,012,290. Depreciation expense was \$865,134.

**MIDWAY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Business-Type Activities:

- The business-type activities saw an increase in cash of \$1,007,064.
- Capital was also contributed to the Water Fund from developers in the form of infrastructure and water stock. The total amount contributed came to \$695,923 for infrastructure and \$1,418,750 for water stock. A condensed version of the Statement of Activities follows:

A condensed version of the Statement of Activities at June 30, 2019 and 2018 follows:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 1,062,926	\$ 816,343	\$ 1,548,530	\$ 1,426,419	\$ 2,611,456	\$ 2,242,762
Operating grants	299,220	256,032	-	-	299,220	256,032
Capital grants	2,399,550	2,743,618	2,319,373	2,441,432	4,718,923	5,185,050
General revenues:						
Taxes	3,166,596	2,927,840	-	-	3,166,596	2,927,840
Interest	290,714	116,558	559,760	544,056	850,474	660,614
Miscellaneous	38,424	35,712	-	-	38,424	35,712
Transfers	(38,050)	(68,484)	38,050	68,484	-	-
Total revenues	<u>7,219,380</u>	<u>6,827,619</u>	<u>4,465,713</u>	<u>4,480,391</u>	<u>11,685,093</u>	<u>11,308,010</u>
Expenses:						
General government	1,937,435	1,665,150	-	-	1,937,435	1,665,150
Public safety	281,299	243,567	-	-	281,299	243,567
Economic development	105,877	101,721	-	-	105,877	101,721
Highway and public works	975,360	973,648	-	-	975,360	973,648
Parks and recreation	506,845	307,114	-	-	506,845	307,114
Cemetery	152,698	127,092	-	-	152,698	127,092
Water	-	-	1,025,273	1,210,042	1,025,273	1,210,042
Ice Rink	-	-	100,763	135,265	100,763	135,265
Total expenses	<u>3,959,514</u>	<u>3,418,292</u>	<u>1,126,036</u>	<u>1,345,307</u>	<u>5,085,550</u>	<u>4,763,599</u>
Change in net position	<u>3,259,866</u>	<u>3,409,327</u>	<u>3,339,677</u>	<u>3,135,084</u>	<u>6,599,543</u>	<u>6,544,411</u>
Beginning net position	<u>25,273,230</u>	<u>21,863,903</u>	<u>43,963,446</u>	<u>40,828,362</u>	<u>69,236,676</u>	<u>62,692,265</u>
Ending net position	<u>\$28,533,096</u>	<u>\$25,273,230</u>	<u>\$ 47,303,123</u>	<u>\$ 43,963,446</u>	<u>\$ 75,836,219</u>	<u>\$ 69,236,676</u>

**MIDWAY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Governmental activities:

For the year ended June 30, 2019, the total revenues for the governmental activities were \$7,219,380. Program revenues totaled \$3,761,696. The major sources of program revenues are building permits, impact fees, and contributed capital. Charges for services increased by \$246,583 compared to the prior year. General revenues for the year totaled \$3,457,684, which is netted with the transfer from business-type activities in the amount of \$38,050. The major sources of general revenues are taxes and interest earnings. Taxes comprise 44% of the City's general fund revenues.

Business-type activities:

The total revenues for the business-type activities were \$4,465,713. Program revenues total \$3,867,903. The majority of the revenue is from charges for services of the enterprise funds, as well as water stock contributed capital. The general revenues in the business-type activities consist of \$597,810 in interest and a transfer in from governmental activities of \$38,050. The water fund had operating income of \$457,229 while the ice rink fund had an operating loss of \$34,735. The Water Fund received \$2,114,673 in capital contributions in the form of infrastructure and water stock.

Budgetary Highlights

Over the course of the year the City Council revised the budget to make modifications to accommodate unexpected expenditures and revenues. In total, the general fund's expenditures were \$417,839 less than was budgeted. In total, the actual revenues in the general fund were \$209,669 above the budgeted amounts.

Capital Assets

At June 30, 2019 the City had \$60,540,949 invested in capital assets, including park and recreation facilities, buildings, roads, bridges, water lines, and the ice rink facilities. This amount represents a net increase (additions, deductions, and depreciation) of \$4,717,272 or 8.45% over last year.

	Capital Assets at Year-end					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 4,331,636	\$ 3,646,832	\$ -	\$ -	\$ 4,331,636	\$ 3,646,832
Construction in Progress	671,843	935,687	117,570	-	789,413	935,687
Water Stock	-	-	26,722,050	25,303,300	26,722,050	25,303,300
Buildings	3,666,999	2,783,452	25,053	25,053	3,692,052	2,808,505
Improvements	2,939,714	2,824,714	-	-	2,939,714	2,824,714
Infrastructure	17,582,063	15,692,292	14,909,806	14,213,883	32,491,869	29,906,175
Machinery & Equipment	1,459,395	1,474,339	466,539	479,164	1,925,934	1,953,503
Vehicles	713,037	557,363	-	-	713,037	557,363
Ice Rink	-	-	339,015	339,015	339,015	339,015
Subtotal	31,364,687	27,914,679	42,580,033	40,360,415	73,944,720	68,275,094
Accum Depreciation	(9,569,112)	(8,959,111)	(3,834,659)	(3,492,306)	(13,403,771)	(12,451,417)
Capital Assets, Net	<u>\$ 21,795,575</u>	<u>\$ 18,955,568</u>	<u>\$ 38,745,374</u>	<u>\$ 36,868,109</u>	<u>\$ 60,540,949</u>	<u>\$ 55,823,677</u>

**MIDWAY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Capital Assets (Continued)

The most significant additions to capital assets in the governmental activities were \$432,898 for a new maintenance building. \$671,843 in construction in progress on various projects at year end, \$181,230 on new equipment, \$115,000 on park improvements including \$96,000 of contributed capital, \$1,404,731 in new infrastructure including \$1,231,486 in contributed capital, and \$221,737 in new vehicles.

The most significant additions to capital assets in the business-type activities were \$117,570 in construction improvements to the Tate Water Line and contributed capital of \$695,923.

Debt Outstanding

At year-end, the City had \$48,000 in long term liabilities outstanding versus \$59,000 last year, a decrease of \$11,000.

There was a total of \$11,000 in debt retired during the year.

A more detailed description on long-term liabilities is provided in the footnotes to the financial statements.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City's Recorder at PO Box 277, Midway, Utah 84049.

BASIC FINANCIAL STATEMENTS

MIDWAY CITY
STATEMENT OF NET POSITION
JUNE 30, 2019

Assets	Governmental Activities	Business-type Activities	Total
Cash	\$ 6,651,141	\$ 4,604,304	\$ 11,255,445
Restricted Cash	1,528,822	-	1,528,822
Accounts Receivable (Net)	60,185	16,607	76,792
Due From Other Governments	1,244,172	-	1,244,172
Inventory	-	20,000	20,000
Investment in Joint Venture	-	4,126,141	4,126,141
Capital Assets:			
Land	4,331,636	-	4,331,636
Construction in Progress	671,843	117,570	789,413
Water Stock	-	26,722,050	26,722,050
Buildings	3,666,999	25,053	3,692,052
Improvements	2,939,714	-	2,939,714
Infrastructure	17,582,063	14,909,806	32,491,869
Machinery and Equipment	2,172,432	466,539	2,638,971
Ice Rink	-	339,015	339,015
Less Accumulated Depreciation	(9,569,112)	(3,834,659)	(13,403,771)
Total Capital Assets, Net	21,795,575	38,745,374	60,540,949
Total Assets	31,279,895	47,512,426	78,792,321
Deferred Outflows of Resources			
Deferred Outflows of Resources - Pensions	221,177	37,519	258,696
Total Assets and Deferred Outflows of Resources	31,501,072	47,549,945	79,051,017
Liabilities and Deferred Inflows of Resources			
Accounts Payable	418,419	148,602	567,021
Accrued Liabilities	30,426	-	30,426
Deposits and Bonds	1,156,431	28,067	1,184,498
Noncurrent Liabilities:			
Due in Less Than One Year	11,000	-	11,000
Due in More Than One Year	525,072	66,655	591,727
Total Liabilities	2,141,348	243,324	2,384,672
Deferred Inflows of Resources			
Unavailable Revenues - Property Taxes	800,260	-	800,260
Deferred Inflows of Resources - Pensions	26,368	3,498	29,866
Total Liabilities and Deferred Inflows of Resources	2,967,976	246,822	3,214,798
NET POSITION			
Net Investment in Capital Assets	21,795,575	38,745,374	60,540,949
Restricted For:			
Class "C" Roads	506,283	-	506,283
Highway Tax	-	-	-
Impact Fees	681,633	-	681,633
Perpetual Care	329,493	-	329,493
Unrestricted	5,220,112	8,557,749	13,777,861
Total Net Position	\$ 28,533,096	\$ 47,303,123	\$ 75,836,219

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

**MIDWAY CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Revenues				Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities							
General Government	\$ 1,937,435	\$ 591,154	\$ -	\$ -	\$ (1,346,281)	\$ -	\$ (1,346,281)
Public Safety	281,299	15,511	46,986	-	(218,802)	-	(218,802)
Economic Development	105,877	323,283	-	-	217,406	-	217,406
Highways and Public Works	975,360	69,570	252,234	2,150,040	1,496,484	-	1,496,484
Parks and Recreation	506,845	23,788	-	249,510	(233,547)	-	(233,547)
Cemetery	152,698	39,620	-	-	(113,078)	-	(113,078)
Total Governmental Activities	<u>3,959,514</u>	<u>1,062,926</u>	<u>299,220</u>	<u>2,399,550</u>	<u>(197,818)</u>	<u>-</u>	<u>(197,818)</u>
Business-type Activities							
Water	1,025,273	1,482,502	-	2,319,373	-	2,776,602	2,776,602
Ice Rink	100,763	66,028	-	-	-	(34,735)	(34,735)
Total Business-type Activities	<u>1,126,036</u>	<u>1,548,530</u>	<u>-</u>	<u>2,319,373</u>	<u>-</u>	<u>2,741,867</u>	<u>2,741,867</u>
Total Government	<u>\$ 5,085,550</u>	<u>\$ 2,611,456</u>	<u>\$ 299,220</u>	<u>\$ 4,718,923</u>	<u>(197,818)</u>	<u>2,741,867</u>	<u>2,544,049</u>
General Revenues:							
Taxes							
Property					833,270	-	833,270
Sales and Use					887,531	-	887,531
Telecommunication and Franchise					433,934	-	433,934
Room Tax					115,076	-	115,076
Resort Tax					695,777	-	695,777
Highway Tax					201,008	-	201,008
Interest and Investment Earnings					290,714	559,760	850,474
Miscellaneous					38,424	-	38,424
Transfers					(38,050)	38,050	-
Total General Revenues and Transfers					<u>3,457,684</u>	<u>597,810</u>	<u>4,055,494</u>
Change in Net Position					<u>3,259,866</u>	<u>3,339,677</u>	<u>6,599,543</u>
Net Position at Beginning of Year					<u>25,273,230</u>	<u>43,963,446</u>	<u>69,236,676</u>
Net Position at End of Year					<u>\$ 28,533,096</u>	<u>\$ 47,303,123</u>	<u>\$ 75,836,219</u>

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

**MIDWAY CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 1,901,744	\$ 4,734,070	\$ 15,327	\$ 6,651,141
Restricted Cash	-	1,187,916	340,906	1,528,822
Accounts Receivable	60,185	-	-	60,185
Due From Other Governments	1,244,172	-	-	1,244,172
TOTAL ASSETS	\$ 3,206,101	\$ 5,921,986	\$ 356,233	\$ 9,484,320
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 90,016	\$ 323,608	\$ 4,795	\$ 418,419
Accrued Liabilities	30,426	-	-	30,426
Deposits and Bonds	1,156,431	-	-	1,156,431
TOTAL LIABILITIES	1,276,873	323,608	4,795	1,605,276
DEFERRED INFLOWS OF RESOURCES	800,260	-	-	800,260
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,077,133	323,608	4,795	2,405,536
FUND BALANCES				
Restricted for:				
Class C Roads	-	506,283	-	506,283
Highway Tax	-	-	-	-
Park Impact Fees	-	330,124	-	330,124
Trails Impact Fees	-	351,509	-	351,509
Transportation Impact Fees	-	-	-	-
Perpetual Care	-	-	329,493	329,493
Committed:				
Park Construction	-	119,554	-	119,554
Assigned:				
Capital Projects	-	4,290,908	-	4,290,908
CDRA Fund	-	-	11,413	11,413
MBA Fund	-	-	10,532	10,532
Unassigned	1,128,968	-	-	1,128,968
TOTAL FUND BALANCES	1,128,968	5,598,378	351,438	7,078,784
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND FUND BALANCES	\$ 3,206,101	\$ 5,921,986	\$ 356,233	\$ 9,484,320

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

MIDWAY CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

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

Total fund balances--total governmental funds	\$ 7,078,784
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the fund financial statements.	21,795,575
Net pension assets used in governmental activities are not financial resources and , therefore, are not reported in the funds.	-
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.	221,177
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.	(26,368)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.	
Those liabilities consist of:	
Net Pension Liability	(420,980)
MBA Lease Revenue Bonds	(48,000)
Compensated Absences	(67,092)
	<hr/>
Net position of governmental activities	<u><u>\$ 28,533,096</u></u>

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

MIDWAY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 3,166,596	\$ -	\$ -	\$ 3,166,596
Licenses and Permits	602,044	-	-	602,044
Intergovernmental	299,220	-	-	299,220
Charges for services	429,073	-	-	429,073
Other Revenues	84,513	283,099	437	368,049
Impact Fees	-	387,260	-	387,260
Interfund services provided	-	-	-	-
Total Revenues	<u>4,581,446</u>	<u>670,359</u>	<u>437</u>	<u>5,252,242</u>
EXPENDITURES				
Current Operating:				
General Government	1,819,528	5,276	-	1,824,804
Public Safety	281,012	-	-	281,012
Economic Development	25,000	-	80,877	105,877
Highways and Public Works	171,625	137,219	-	308,844
Parks and Recreation	250,395	127,195	-	377,590
Cemetery	133,690	12,602	-	146,292
Tourism and Culture	19,521	-	-	19,521
Debt Service:				
Principal	-	-	11,000	11,000
Interest	-	-	1,475	1,475
Other	-	-	1,400	1,400
Capital Outlay				
General Government	-	-	-	-
Highways and Public Works	-	1,563,736	-	1,563,736
Parks and Recreation	-	136,217	-	136,217
Cemetery	-	-	-	-
Total Expenditures	<u>2,700,771</u>	<u>1,982,245</u>	<u>94,752</u>	<u>4,777,768</u>
Excess of Revenues Over (Under) Expenditures	<u>1,880,675</u>	<u>(1,311,886)</u>	<u>(94,315)</u>	<u>474,474</u>
OTHER FINANCING SOURCES (USES)				
Transfers-In	-	2,008,537	94,430	2,102,967
Transfers-Out	(2,141,017)	-	-	(2,141,017)
Total Other Financing Sources (Uses)	<u>(2,141,017)</u>	<u>2,008,537</u>	<u>94,430</u>	<u>(38,050)</u>
Net Change in Fund Balances	<u>(260,342)</u>	<u>696,651</u>	<u>115</u>	<u>436,424</u>
Fund Balances at Beginning of Year	<u>1,389,310</u>	<u>4,901,727</u>	<u>351,323</u>	<u>6,642,360</u>
Fund Balances at End of Year	<u>\$ 1,128,968</u>	<u>\$ 5,598,378</u>	<u>\$ 351,438</u>	<u>\$ 7,078,784</u>

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

MIDWAY CITY
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, 2019

Net change in fund balance, total governmental funds \$ 436,424

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital additions exceeded depreciation in the current period.

Capital Outlays	1,699,953	
Depreciation Expense	<u>(865,134)</u>	834,819

The disposition of capital assets results in the reporting of proceeds in the fund financial statements, but the net book value of the asset is reduced in the statement of activities. (7,102)

The Statement of Activities includes the net pension benefit (expense) from the adoption of GASB 68, which is not included in the fund financial statements. (11,432)

Capital assets contributed by developers constitute revenues on the government-wide financial statements. 2,012,290

Repayment of debt principal and compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The debt principal repaid are as follows:

Payment on Bonds Payable	11,000	
Net change of Compensated Absences	(16,133)	<u>(5,133)</u>

Change in net position of governmental activities \$ 3,259,866

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

MIDWAY CITY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Water</u>	<u>Ice Rink</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$ 4,448,378	\$ 155,926	\$ 4,604,304
Accounts Receivable (Net)	16,607	-	16,607
Inventory	20,000	-	20,000
Total Current Assets	4,484,985	155,926	4,640,911
Noncurrent Assets:			
Investment in Joint Venture	4,126,141	-	4,126,141
Capital Assets:			
Water Stock	26,722,050	-	26,722,050
Construction in Progress	117,570	-	117,570
Water Distribution System	14,909,806	-	14,909,806
Buildings	-	25,053	25,053
Machinery and Equipment	133,861	332,678	466,539
Ice Sheet	-	339,015	339,015
Less Accumulated Depreciation	(3,562,817)	(271,842)	(3,834,659)
Total Capital Assets, Net	38,320,470	424,904	38,745,374
Total Noncurrent Assets	42,446,611	424,904	42,871,515
Total Assets	46,931,596	580,830	47,512,426
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Relating To Pensions	35,548	1,971	37,519
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 46,967,144	\$ 582,801	\$ 47,549,945
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 148,602	\$ -	\$ 148,602
Customer Deposits	28,067	-	28,067
Total Current Liabilities	176,669	-	176,669
Noncurrent Liabilities:			
Net Pension Liability	62,028	4,627	66,655
Total Noncurrent Liabilities	62,028	4,627	66,655
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Relating To Pensions	3,086	412	3,498
TOTAL LIABILITIES AND DEFERRED INFLOWS	241,783	5,039	246,822
NET POSITION			
Net Investment in Capital Assets	38,320,470	424,904	38,745,374
Restricted for Impact Fees	-	-	-
Unrestricted	8,404,891	152,858	8,557,749
Total Net Position	46,725,361	577,762	47,303,123
Total Liabilities, Deferred Inflows and Net Position	\$ 46,967,144	\$ 582,801	\$ 47,549,945

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

MIDWAY CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Water</u>	<u>Ice Rink</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 1,365,502	\$ 66,028	\$ 1,431,530
Connection Fees	117,000	-	117,000
Total Operating Revenues	<u>1,482,502</u>	<u>66,028</u>	<u>1,548,530</u>
Operating Expenses:			
Salaries and Benefits	134,542	42,718	177,260
Maintenance and Supplies	163,456	8,974	172,430
Professional and Technical	8,331	-	8,331
Utilities	38,546	18,899	57,445
Depreciation	339,489	26,507	365,996
Contracted Services	57,275	3,665	60,940
Irrigation Assessment	237,500	-	237,500
Other	46,134	-	46,134
Total Operating Expenses	<u>1,025,273</u>	<u>100,763</u>	<u>1,126,036</u>
Operating Income (Loss)	<u>457,229</u>	<u>(34,735)</u>	<u>422,494</u>
Nonoperating Revenues (Expenses)			
Interest Revenue	182,205	-	182,205
Joint Venture Income (Loss)	377,555	-	377,555
Impact Fees	204,700	-	204,700
Total Nonoperating Revenues (Expenses)	<u>764,460</u>	<u>-</u>	<u>764,460</u>
Net Income (Loss) Before Contributions	<u>1,221,689</u>	<u>(34,735)</u>	<u>1,186,954</u>
Capital Contributions	2,114,673	-	2,114,673
Transfers In (Out)	-	38,050	38,050
Change in Net Position	<u>3,336,362</u>	<u>3,315</u>	<u>3,339,677</u>
Total Net Position - Beginning	<u>43,388,999</u>	<u>574,447</u>	<u>43,963,446</u>
Total Net Position - Ending	<u>\$ 46,725,361</u>	<u>\$ 577,762</u>	<u>\$ 47,303,123</u>

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

MIDWAY CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Water</u>	<u>Ice Rink</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash Received From Customers	\$ 1,494,406	\$ 66,028	\$ 1,560,434
Cash Paid to Suppliers	(652,368)	(31,538)	(683,906)
Cash Paid to Employees	(132,570)	(42,636)	(175,206)
Net Cash Provided (Used) by Operating Activities	<u>709,468</u>	<u>(8,146)</u>	<u>701,322</u>
Cash Flows from Noncapital Financing Activities			
Transfers In/Out	-	38,050	38,050
Net Cash Used in Noncapital Financing Activities	<u>-</u>	<u>38,050</u>	<u>38,050</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	(117,569)	(11,019)	(128,588)
Impact Fees Collected	204,700	-	204,700
Net Cash in Capital and Related Financing Activities	<u>87,131</u>	<u>(11,019)</u>	<u>76,112</u>
Cash Flows from Investing Activities			
Interest on Investments	182,205	-	182,205
Dividends from Joint Venture	9,375	-	9,375
Net Cash Provided by Investing Activities	<u>191,580</u>	<u>-</u>	<u>191,580</u>
Net Increase (Decrease) in Cash	988,179	18,885	1,007,064
Cash - July 1	<u>3,460,199</u>	<u>137,041</u>	<u>3,597,240</u>
Cash - June 30	<u>\$ 4,448,378</u>	<u>\$ 155,926</u>	<u>\$ 4,604,304</u>
Noncash Investing and Financing:			
Contributions from Developers	<u>2,114,673</u>	<u>-</u>	<u>2,114,673</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 457,229	\$ (34,735)	\$ 422,494
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	339,489	26,507	\$ 365,996
Changes in Assets, Liabilities, Deferred Outflows/Inflows:			
Accounts Receivable	11,904	-	11,904
Accounts Payable	(101,126)	-	(101,126)
Customer Deposits	-	-	-
Accounts Payable - Related to Capital	-	-	-
Net Pension Liability	1,972	82	2,054
Net Cash Provided by Operating Activities	<u>\$ 709,468</u>	<u>\$ (8,146)</u>	<u>\$ 701,322</u>

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

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The City has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the City has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB. The more significant accounting policies established in GAAP and used by the City are discussed below.

B. Reporting Entity

Midway City Corporation was incorporated June 1,1891 by the State of Utah. The City operates under a Mayor-Council form of government and provides the following services: public safety, highways and public improvements, community development, parks, sanitation, health and social services, planning and zoning, and general administrative services.

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, *The Financial Reporting Entity*, the financial reporting entity consists of the following:

1. Primary government.
2. Municipal Building Authority as a blended component unit.
3. Community Development and Renewal Agency (CDRA) as a blended component unit.
4. Backnet Organization as a blended component unit.

Blended component units, although legally separate entities, are, in substance, part of the government's operations. They are reported as part of the primary government and blended with the appropriate funds.

The Municipal Building Authority was created on May 3, 2000, under the provisions of the Utah Municipal Building Authority Act. The object and purposes are to acquire, improve, or extend one or more projects and to finance their costs on behalf of the City in accordance with and subject to the limitations of the Utah Municipal Building Authority Act and subject to prior authorization by the governing body of the City.

The Midway City Community Development and Renewal Agency (CDRA) was established to further public purposes in the development and renewal of certain city areas. The agency is reported as a blended component unit and is reported in its own fund.

Backnet is a law enforcement task force that has been established to provide additional law enforcement in the surrounding region. The City receives grants on behalf of Backnet and handles the accounting of these reimbursement grants inside the City's General Fund.

C. Basic Financial Statements

The City's basic financial statements consist of the government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basic Financial Statements (continued)

Government-Wide Financial Statements

Statement of Net Position - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end.

Statement of Activities - The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

D. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

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-in-lieu of taxes and other charges between the government's various departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The following fund types are used by the City:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following describes the major governmental funds of the City:

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

Capital Projects Fund accumulates funds over time for the long-term capital projects of governmental type acquisition and expansion.

The following describes the nonmajor governmental funds of the City:

Municipal Building Authority Special Revenue Fund is used to account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

Community Development and Renewal Agency (CDRA) Special Revenue Fund was established to further public purposes in the development and renewal of certain city areas.

Perpetual Care Fund is an expendable fund for cemetery care.

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The following is a description of the proprietary funds of the City.

Enterprise Funds account for those operations that are financed and operated in a manner similar to private business enterprises or where the governing body had decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City's enterprise funds include the water fund and ice sheet fund.

E. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time liability is incurred.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement Focus/Basis of Accounting (continued)

Fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available").

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, and interest are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

F. Assets, Liabilities and Equity

Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

Restricted Assets

Certain resources set aside as reserves in accordance with state statutes, grant requirements, or debt covenants are classified as restricted assets because their use is limited.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities and Equity (continued)

Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids.

Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds.

All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	30 - 50
Improvements	20 - 40
Equipment	5-10
Infrastructure	20-40

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay and sick leave are accrued when incurred and are reported as a liability. Amounts not expected to be liquidated with expendable available financial resources are reported in the Statement of Net Position as a noncurrent liability.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities and Equity (continued)

Pensions

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

Long-term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of notes payable and bonds payable.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred contributions and differences between projected and actual earnings on its pension plan assets.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only two types of items reported under this category. First, unavailable revenue-property taxes are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. The second type is related to the City's pension plan. The City participates in the Utah Retirement Systems and has deferred inflows of resources associated with differences between expected and actual experience and changes in assumptions.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities and Equity (continued)

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets– Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the City’s policy to first apply restricted resources rather than unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Statements

The City has adopted GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. The statement applies only to fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The fund balances may be classified as follows:

- a. Non-spendable – Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balance – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors, or contributors. .
- c. Committed fund balance – Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the City Council likewise formally changes the use.
- d. Assigned fund balance – Fund balances are reported as assigned when the City Council or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.
- e. Unassigned fund balance – Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Statements

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spend first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

G. Revenues and Expenditures

Interfund Transactions

Interfund services provided and used are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursement, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as non-operating transfers.

Property Tax

Real property taxes are collected by the County Treasurer and remitted to the City after collection. Taxes are due and payable on November 1st and delinquent after 12 o'clock noon on November 30th of each year. The tax levy is established by June 15th with a lien date of January 1st. Property tax revenue is not recognized when levied, because it is not expected to be collected within 60 days after the end of the fiscal year.

Operating Revenues and Expenses

Operating revenues and expenses in the proprietary funds consist of those revenues that result from the ongoing principal operations of the City. Operating revenues consist of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary activities.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act for Utah cities" by the Midway City Municipal Council on or before June 15th for the following fiscal year, which begins on July 1. Budgets may be increased by resolution of the Municipal Council at any time during the year, following a public hearing. Budgets are adopted at sub-department levels; however budget amendments by resolution are generally required only if the department desires to exceed its total budget appropriation.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budget Information (continued)

The City adheres to the following procedures in establishing the budgetary data in the financial statements:

1. On or before May 1st, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to the formal adoption of the budget the City Council will hold budget workshop meetings, which are open to the public.
3. Prior to June 15th the City Council sets a date for a public budget hearing at which time taxpayers' comments are heard. Copies of the proposed budget are made available for public inspection 10 days prior to the budget hearing. At the conclusion of the budget hearing the budget, as amended, is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Capital Projects Fund, Special Revenue Funds, and Enterprise Funds.
5. Budgets for the General Fund are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Budgets for the proprietary fund types are prepared using the accrual basis of accounting except that depreciation for all proprietary fund types is not budgeted. Budgeted amounts are as originally adopted, or as amended by the City Council during the fiscal year.
6. Unencumbered budget appropriations lapse at the end of the fiscal year.

Fund Equity Restrictions

Restricted for Class "C" Road - Reserve required to be kept that accounts for the receipt of class "C" road revenues and expenditures.

Restricted for Highway Tax- The City has imposed an additional tax on sales, the tax revenues are restricted for Highway use only, similar to Class C Road funds.

Restricted for Impact Fees - The City Council passed an ordinance providing for specific impact fees on all new construction. Impact fees include fees for parks, trails, transportation, and water. These fees are to be reserved for current and future costs to help defray a portion of the costs that naturally result from increased development.

Restricted for Perpetual Care - The City Council passed an ordinance providing for perpetual care fees to be set aside for maintenance at the City cemetery.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by some of the City's funds. Deposits are not collateralized nor are they required to be by State statute.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of city funds in a "qualified depository".

The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2019, \$63,901 of the City's bank balances of \$234,247 was uninsured and uncollateralized.

Investments

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

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

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

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

At June 30, 2019, the City had the following recurring fair value measurements.

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 12,701,365	\$ -	\$ 12,701,365	\$ -
Total debt securities	\$ 12,701,365	\$ -	\$ 12,701,365	\$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- Utah Public Treasurers’ Investment Fund: application of the year end fair value factor, as calculated by the Utah State Treasurer, to the City’s average daily balance in the Fund; and,

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 Utah Public Treasurers Investment Fund 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 Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City’s investments are noted in the previous table.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	12,701,365	12,701,365	-	-	-
	12,701,365	12,701,365	-	-	-

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

The City’s investment in the State of Utah Public Treasurer’s Investment Fund did not have a quality rating. (Unrated).

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar held in the portfolio. The City’s investment in the Utah Public Treasurer’s Investment Fund has no concentration of credit risk.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

The City’s investment in the Utah Public Treasurer’s Investment Fund has no custodial credit risk.

Components of cash and investments (including interest earning deposits) at June 30, 2019, are as follows:

Cash on hand and on deposit:	
Cash on deposit	\$ 82,502
Petty cash	400
PTIF investment	12,701,365
Total cash and investments	<u>\$ 12,784,267</u>

Cash and investments are included in the accompanying combined statement of net position as follows:

Cash	\$ 11,255,445
Restricted Cash	1,528,822
Total cash and investments	<u>\$ 12,784,267</u>

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4. ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS

Accounts receivable for the City, including the applicable allowance for uncollectible accounts at June 30, 2019, are as follows:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Total</u>
Receivables:			
Individual accounts	\$ 58,420	\$ 21,138	\$ 79,558
Sales tax	155,691	-	155,691
Highway tax	33,313	-	33,313
Resort tax	114,758	-	114,758
Room tax	17,485	-	17,485
Telecommunication tax	6,139	-	6,139
Energy sales tax	563	-	563
Franchise tax	38,968	-	38,968
Property taxes - current	10,832	-	10,832
Property taxes - unavailable	800,260	-	800,260
Class C Roads	55,499	-	55,499
Grant receivables	12,429	-	12,429
	<u>1,304,357</u>	<u>21,138</u>	<u>1,325,495</u>
Less: Allowance for uncollectibles	-	(4,531)	(4,531)
	<u>1,304,357</u>	<u>16,607</u>	<u>1,320,964</u>
Net total receivables	<u>\$ 1,304,357</u>	<u>\$ 16,607</u>	<u>\$ 1,320,964</u>
Statement of Net Position:			
Accounts Receivable (Net)	\$ 60,185	\$ 16,607	\$ 76,792
Due from Other Governments	1,244,172	-	1,244,172
	<u>\$ 1,304,357</u>	<u>\$ 16,607</u>	<u>\$ 1,320,964</u>

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5. INVESTMENT IN JOINT VENTURE

Midway City is a party to a joint venture with Heber City and Charleston. The joint venture, Heber Light & Power Company, was created by the three municipalities to provide electric services to their communities. The joint venture is governed by the Power Board elected from the mayors and city councils of the participating entities. The Power Board governs the operations of the utility through management employed by the Board. Since the joint venture is subject to the same laws as the creating entities, it must follow Utah State Law for local governments in the areas of fiscal management, budgeting, and financing. Since the government board is made up of mayors and city council appointees, each participating municipality has indirect control over these matters. The percentage share of each participant's entity is as follows:

Heber City	75.00%
Charleston	12.50%
Midway City	<u>12.50%</u>
	<u>100.00%</u>

	<u>Joint Ventures</u>	<u>Midway City's Portion</u>
Assets	\$ 47,953,491	\$ 5,994,186
Liabilities	<u>14,944,360</u>	<u>1,868,045</u>
Net Position	<u>\$ 33,009,131</u>	<u>\$ 4,126,141</u>
Operating Revenues	\$ 18,862,974	\$ 2,357,872
Operating Expenses	<u>18,264,741</u>	<u>2,283,093</u>
Income from Operations	598,233	74,779
Nonoperating Income (Expense)	<u>766,911</u>	<u>95,864</u>
Net Income (Loss)	1,365,144	170,643
Add: Contributed Capital	1,730,298	216,287
Less: Distributions to Owners	<u>(300,000)</u>	<u>(37,500)</u>
Change in Net Position	2,795,442	349,430
Beginning Net Position	<u>30,213,689</u>	<u>3,776,711</u>
Ending Net Position	<u>\$ 33,009,131</u>	<u>\$ 4,126,141</u>

Reconciliation to Statement of Net Position

Balance at December 31, 2018	\$ 4,126,141
Less: Withdrawals between December 31st and June 30th	<u>-</u>
Balance at June 30, 2019	<u>\$ 4,126,141</u>
Midway's PY balance on TB:	3,757,961
Adjustment to bring it up to Heber L & P balance at June 30th.	<u>368,180</u>
	<u>\$ 4,126,141</u>

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets to the governmental activities follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 3,646,832	\$ 684,804	\$ -	\$ 4,331,636
Construction in Progress	935,687	671,843	(935,687)	671,843
Total capital assets, not being depreciated	<u>4,582,519</u>	<u>1,356,647</u>	<u>(935,687)</u>	<u>5,003,479</u>
Capital assets, being depreciated				
Buildings	2,783,452	883,547	-	3,666,999
Improvements - nonbuilding	2,824,715	114,999	-	2,939,714
Infrastructure	15,692,292	1,889,771	-	17,582,063
Machinery & Equipment	1,474,338	181,231	(196,174)	1,459,395
Vehicles	557,364	221,736	(66,063)	713,037
Total capital assets, being depreciated	<u>23,332,161</u>	<u>3,291,284</u>	<u>(262,237)</u>	<u>26,361,208</u>
Accumulated Depreciation for:				
Buildings	(819,998)	(87,975)	-	(907,973)
Improvements - nonbuilding	(1,064,153)	(128,222)	-	(1,192,375)
Infrastructure	(5,680,977)	(452,645)	-	(6,133,622)
Machinery & Equipment	(1,233,955)	(87,461)	196,174	(1,125,242)
Vehicles	(160,029)	(108,831)	58,960	(209,900)
Total accumulated depreciation	<u>(8,959,112)</u>	<u>(865,134)</u>	<u>255,134</u>	<u>(9,569,112)</u>
Total capital assets, being depreciated, net	<u>14,373,049</u>	<u>2,426,150</u>	<u>(7,103)</u>	<u>16,792,096</u>
Governmental activities capital assets, net	<u>\$ 18,955,568</u>	<u>\$ 3,782,797</u>	<u>\$ (942,790)</u>	<u>\$ 21,795,575</u>

Depreciation Expense was charged to functions/departments of the primary government as follows:

Governmental Activities:

General Government	\$ 88,355
Highways and Public Works	665,105
Parks and Recreation	108,596
Cemetery	<u>3,078</u>
Total Depreciation Expense	<u>\$ 865,134</u>

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets to the business-type activities follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated				
Water Stock	\$ 25,303,300	\$ 1,418,750	\$ -	\$ 26,722,050
Construction in Progress	-	117,570	-	117,570
Total capital assets, not being depreciated	<u>25,303,300</u>	<u>1,536,320</u>	<u>-</u>	<u>26,839,620</u>
Capital assets, being depreciated				
Buildings	25,053	-	-	25,053
Water Distribution System	14,213,882	695,924	-	14,909,806
Machinery & Equipment	479,164	11,018	(23,643)	466,539
Ice Rink	339,015	-	-	339,015
Total capital assets, being depreciated	<u>15,057,114</u>	<u>706,942</u>	<u>(23,643)</u>	<u>15,740,413</u>
Accumulated Depreciation for:				
Buildings	(8,303)	(620)	-	(8,923)
Water Distribution System	(3,090,050)	(338,907)	-	(3,428,957)
Machinery & Equipment	(273,608)	(17,909)	23,643	(267,874)
Ice Rink	(120,345)	(8,560)	-	(128,905)
Total accumulated depreciation	<u>(3,492,306)</u>	<u>(365,996)</u>	<u>23,643</u>	<u>(3,834,659)</u>
Total capital assets, being depreciated, net	<u>11,564,808</u>	<u>340,946</u>	<u>-</u>	<u>11,905,754</u>
Business-type activities capital assets, net	<u>\$ 36,868,108</u>	<u>\$ 1,877,266</u>	<u>\$ -</u>	<u>\$ 38,745,374</u>

Depreciation Expense was charged to the proprietary funds as follows:

Business-type Activities:

Water Fund	\$ 339,489
Ice Rink Fund	<u>26,507</u>
Total Depreciation Expense	<u>\$ 365,996</u>

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. INTERFUND TRANSFERS

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs.

<u>Transfers In:</u>	<u>Transfers Out</u>		
	<u>General Fund</u>	<u>Water Fund</u>	<u>Total</u>
Capital Projects	\$ 2,008,537	\$ -	\$ 2,008,537
MBA Fund	13,553	-	13,553
CDRA Fund	80,877	-	80,877
Ice Rink	38,050	-	38,050
Totals	<u>\$ 2,141,017</u>	<u>\$ -</u>	<u>\$ 2,141,017</u>

NOTE 8. LONG TERM LIABILITIES

The Midway City Municipal Building Authority issued \$200,000 of Lease Revenue Bonds Series 2002 on May 31, 2002. The proceeds were for the purchase of additional cemetery property. The stated interest rate is 2.5% with principal repayment beginning on February 10, 2004 with annual payments to be made through 2023.

The interest expense for the Lease Revenue Bonds Series 2002 of \$1,750 has been charged as a direct expense to the Cemetery Department in the Statement of Activities.

The following is a schedule of bond maturities by year:

<u>Year Ended June 30,</u>	<u>Lease Revenue Bonds 2002</u>		
	<u>2.50%</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 12,000	\$ 1,200	\$ 13,200
2021	12,000	900	12,900
2022	12,000	600	12,600
2023	12,000	300	12,300
Totals	<u>\$ 48,000</u>	<u>\$ 3,000</u>	<u>\$ 51,000</u>

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8. LONG TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities - During the year, the following changes occurred in long-term liabilities for the governmental activities:

Governmental Activities:	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Lease Revenue Bonds	\$ 59,000	\$ -	\$ (11,000)	\$ 48,000	\$ 11,000
Net Pension Liability	264,736	-	156,244	420,980	-
Total Debt	323,736	-	145,244	468,980	11,000
Compensated Absences	50,959	16,133	-	67,092	-
<i>Total Governmental Activities</i>	<u>\$ 374,695</u>	<u>\$ 16,133</u>	<u>\$ 145,244</u>	<u>\$ 536,072</u>	<u>\$ 11,000</u>

Business-type Activities:	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Net Pension Liability	\$ 38,584	\$ -	\$ 28,071	\$ 66,655	\$ -
<i>Total Business-type Activities</i>	<u>\$ 38,584</u>	<u>\$ -</u>	<u>\$ 28,071</u>	<u>\$ 66,655</u>	<u>\$ -</u>

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9. RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description:

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits Provided:

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

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65*	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65*	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9. RETIREMENT SYSTEM (CONTINUED)

Contributions:

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019 are as follows:

Utah Retirement Systems

	Employee Paid	Employer Contribution Rates	Employer rate for 401(k) Plan
Contributory System			
11 - Local Government Division Tier 1	6.00%	14.46%	N/A
111 - Local Government Division Tier 2	N/A	15.54%	1.15%
Noncontributory System			
15 - Local Government Division Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%

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

For fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 88,749	N/A
Tier 2 Public Employees System	\$ 47,884	-
Tier 2 DC Only System	\$ 10,542	N/A
Total Contributions	\$ 147,175	\$ -

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

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9. RETIREMENT SYSTEM (CONTINUED)

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

At June 30, 2019 we reported a net pension asset of \$0 and a net pension liability of \$487,635.

(Measurement Date): December 31, 2018

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2017	Change (Decrease)
Noncontributory System	\$ -	\$ 476,749	0.0647429%	0.0687327%	0.0039898%
Tier 2 Public Employees System	\$ -	\$ 10,886	0.0254179%	0.0247398%	0.0006781%
Total Net Pension Asset/Liability	<u>\$ -</u>	<u>\$ 487,635</u>			-

The net pension asset and liability was measure as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019, we recognized pension expense of \$160,562.

At June 30, 2019 we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,208	\$ 11,142
Changes in assumptions	66,594	196
Net difference between projected and actual earnings on pension plan investments	102,751	-
Changes in proportion and differences between contributions and proportionate share of contributions	8,371	18,528
Contributions subsequent to the measurement date	<u>74,772</u>	<u>-</u>
Total	<u>\$ 258,696</u>	<u>\$ 29,866</u>

\$74,772 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9. RETIREMENT SYSTEM (CONTINUED)

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

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2019	\$ 69,932
2020	23,005
2021	10,039
2022	48,748
2023	336
Thereafter	\$ 1,997

Actuarial assumptions:

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9. RETIREMENT SYSTEM (CONTINUED)

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

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	40%	6.15%	2.46%
Debt Securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private Equity	9%	9.95%	0.89%
Absolute Return	16%	2.85%	0.46%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

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

Discount Rate:

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate remained unchanged at 6.95 percent.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9. RETIREMENT SYSTEM (CONTINUED)

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

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

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 977,078	\$ 476,749	\$ 60,107
Tier 2 Public Employees System	\$ 43,611	\$ 10,886	\$ (14,370)
Total	\$ 1,020,689	\$ 487,635	\$ 45,737

Pension Plan Fiduciary Net Position:

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

Defined Contribution Savings Plans:

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

Midway City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- *401(k) Plan
- *457(b) Plan
- *Roth IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:.

	2019	2018	2017
401(k) Plan			
Employer Contributions	\$ 19,301	\$ 12,817	\$ 12,134
Employee Contributions	\$ 15,176	\$ 29,320	\$ 35,876
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 5,900	\$ 12,414	\$ 13,225
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 11,300	\$ 3,350	\$ 2,700

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The City maintains commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the prior year.

NOTE 11. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

For the year ended June 30, 2019 the City maintained expenditures within the appropriated amounts by department and by fund.

NOTE 12. COMMUNITY DEVELOPMENT AND RENEWAL AGENCY

The Midway City Community Development and Renewal Agency (CDRA) was established to further public purposes in the development and renewal of certain city areas. For the year ended June 30, 2019, the following activity occurred in the City's CDRA:

Tax increment collection from other taxing agencies	\$ 80,877
Tax increment paid to other taxing authorities	80,877
Outstanding loans to finance CDRA projects	-
Amounts expended for site improvements and preparation costs	-
Amounts expended for administrative costs	-

**REQUIRED
SUPPLEMENTARY INFORMATION**

MIDWAY CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes:				
Current Year Property Taxes	\$ 750,000	\$ 766,730	\$ 765,358	\$ (1,372)
Fee in Lieu	45,000	45,000	45,008	8
Redemptions	5,700	17,890	22,904	5,014
Sales and Use Taxes	725,000	818,410	887,531	69,121
Telecommunication and Franchise Fees	420,000	424,840	433,934	9,094
Transient Room Tax	94,000	116,910	115,076	(1,834)
Resort Tax	600,000	646,760	695,777	49,017
Highway Tax	170,000	186,460	201,008	14,548
	<u>2,809,700</u>	<u>3,023,000</u>	<u>3,166,596</u>	<u>143,596</u>
Licenses and Permits:				
Business Licenses	24,000	27,870	27,938	68
Building Permits	156,370	305,050	337,578	32,528
Plan Check Fees	87,691	206,330	225,638	19,308
Other Licenses	7,950	10,690	10,890	200
	<u>276,011</u>	<u>549,940</u>	<u>602,044</u>	<u>52,104</u>
Intergovernmental:				
Class "C" Road Fund Allotment	235,000	236,670	252,234	15,564
Backnet Grants	61,693	61,690	46,986	(14,704)
Other Intergovernmental	-	-	-	-
	<u>296,693</u>	<u>298,360</u>	<u>299,220</u>	<u>860</u>
Charges for Services:				
Sanitation District	109,000	66,160	66,170	10
Zoning and Related Development Fees	266,790	326,487	323,283	(3,204)
Burial and Assessments	25,000	36,570	39,620	3,050
	<u>400,790</u>	<u>429,217</u>	<u>429,073</u>	<u>(144)</u>
Other Revenues:				
Interest Earnings	2,200	6,500	7,178	678
Rents	25,000	22,550	23,788	1,238
Bond Forfeiture	4,000	4,000	3,400	(600)
Miscellaneous Revenue	15,800	38,210	50,147	11,937
	<u>47,000</u>	<u>71,260</u>	<u>84,513</u>	<u>13,253</u>
Total Revenues	<u>\$ 3,830,194</u>	<u>\$ 4,371,777</u>	<u>\$ 4,581,446</u>	<u>\$ 209,669</u>

(continued)

MIDWAY CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures:				
General Government:				
Mayor and Council	\$ 75,248	\$ 77,948	\$ 73,037	\$ 4,911
Administrative	355,561	363,656	354,865	8,791
Professional Services	341,150	526,900	502,061	24,839
Contract Services	134,744	107,684	115,490	(7,806)
Nondepartmental	442,153	38,265	22,987	15,278
Buildings	100,635	125,947	113,887	12,060
Equipment Maintenance	235,700	304,566	149,638	154,928
Planning and Zoning	247,086	247,161	238,636	8,525
Building Safety	262,191	265,206	248,927	16,279
	<u>2,194,468</u>	<u>2,057,333</u>	<u>1,819,528</u>	<u>237,805</u>
Public Safety	<u>329,437</u>	<u>345,937</u>	<u>281,012</u>	<u>64,925</u>
Economic Development	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Highways and Public Works	<u>85,818</u>	<u>193,232</u>	<u>171,625</u>	<u>21,607</u>
Parks and Recreation	<u>180,936</u>	<u>302,281</u>	<u>250,395</u>	<u>51,886</u>
Cemetery	<u>85,945</u>	<u>162,672</u>	<u>133,690</u>	<u>28,982</u>
Tourism and Culture	<u>32,675</u>	<u>32,155</u>	<u>19,521</u>	<u>12,634</u>
Total Expenditures	<u>2,934,279</u>	<u>3,118,610</u>	<u>2,700,771</u>	<u>417,839</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers (out)	(895,915)	(2,003,167)	(2,141,017)	137,850
Appropriations of Fund Balances	-	750,000	-	750,000
Total other financing sources (uses)	<u>(895,915)</u>	<u>(1,253,167)</u>	<u>(2,141,017)</u>	<u>887,850</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(260,342)</u>	<u>(260,342)</u>
Fund Balances at Beginning of Year	<u>1,389,310</u>	<u>1,389,310</u>	<u>1,389,310</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 1,389,310</u>	<u>\$ 1,389,310</u>	<u>\$ 1,128,968</u>	<u>\$ (260,342)</u>

MIDWAY CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS

JUNE 30, 2019

with a measurement date of December 31, 2018

Last 10 fiscal years*

		Noncontributory System	Contributory Retirement System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)	2019	0.0647429%	0.0000000%	0.0254179%
	2018	0.0687327%	0.0000000%	0.0247398%
	2017	0.0702255%	0.0000000%	0.0284528%
	2016	0.0697679%	0.0000000%	0.0333319%
	2015	0.0620119%	0.0000000%	0.0238671%
Proportion share of the net pension liability (asset)	2019	\$ 476,749	\$ -	\$ 10,886
	2018	\$ 301,139	\$ -	\$ 2,181
	2017	\$ 450,934	\$ -	\$ 3,174
	2016	\$ 394,781	\$ -	\$ (73)
	2015	\$ 269,270	\$ -	\$ (723)
Covered employee payroll	2019	\$ 464,429	\$ -	\$ 296,765
	2018	\$ 523,041	\$ -	\$ 242,279
	2017	\$ 537,851	\$ -	\$ 233,334
	2016	\$ 527,001	\$ -	\$ 215,338
	2015	\$ 490,929	\$ -	\$ 117,502
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2019	102.7%	0.00%	3.67%
	2018	57.6%	0.00%	0.90%
	2017	83.8%	0.00%	1.36%
	2016	74.9%	0.00%	-0.03%
	2015	54.8%	0.00%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	2019	87.0%	91.2%	90.8%
	2018	91.9%	98.2%	97.4%
	2017	87.3%	92.9%	95.1%
	2016	87.8%	0.0%	100.2%
	2015	90.2%	0.0%	103.5%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the last four years.

See accompanying notes to required supplementary information

MIDWAY CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2019
with a measurement date of December 31, 2018
Last 10 fiscal years*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 82,296	\$ 82,296	\$ -	\$ 475,974	17.29%
	2015	94,169	94,169	-	509,848	18.47%
	2016	100,168	100,168	-	542,328	18.47%
	2017	97,126	97,126	-	525,858	18.47%
	2018	90,948	90,948	-	492,407	18.47%
	2019	88,749	88,749	-	480,505	18.47%
Contributory System	2014	\$ 6,853	\$ 6,853	\$ -	\$ 51,608	13.28%
	2015	1,486	1,486	-	10,274	14.46%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	-	-	-	-	0.00%
Tier 2 Public Employees System*	2014	\$ 8,560	\$ 8,560	\$ -	\$ 61,188	13.99%
	2015	27,780	27,780	-	185,947	14.94%
	2016	33,887	33,887	-	227,280	14.91%
	2017	35,458	35,458	-	237,812	14.91%
	2018	39,783	39,783	-	263,286	15.11%
	2019	47,884	47,884	-	308,135	15.54%
Tier 2 Public Employees DC Only System*	2014	\$ 1,977	\$ 1,977	\$ -	\$ 35,430	5.58%
	2015	2,521	2,521	-	37,509	6.72%
	2016	4,580	4,580	-	68,456	6.69%
	2017	5,286	5,286	-	79,009	6.69%
	2018	5,791	5,791	-	85,566	6.69%
	2019	10,542	10,542	-	157,575	6.69%

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

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

See accompanying notes to required supplementary information

MIDWAY CITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
FOR FISCAL YEAR ENDED JUNE 30, 2019

Changes in Assumptions:

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

SUPPLEMENTARY INFORMATION

**MIDWAY CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019**

	<u>MBA</u>	<u>CDRA</u>	<u>Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash	\$ -	\$ 15,327	\$ -	\$ 15,327
Restricted Cash	11,413	-	329,493	340,906
Total Assets	<u>\$ 11,413</u>	<u>\$ 15,327</u>	<u>\$ 329,493</u>	<u>\$ 356,233</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable	\$ -	\$ 4,795	\$ -	\$ 4,795
Total Liabilities	<u>-</u>	<u>4,795</u>	<u>-</u>	<u>4,795</u>
Fund Balances				
Restricted for:				
Perpetual Care	-	-	329,493	329,493
Assigned:				
MBA Fund	11,413	-	-	11,413
CDRA Fund	-	10,532	-	10,532
Total Fund Balances	<u>11,413</u>	<u>10,532</u>	<u>329,493</u>	<u>351,438</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,413</u>	<u>\$ 15,327</u>	<u>\$ 329,493</u>	<u>\$ 356,233</u>

MIDWAY CITY
COMBINING STATEMENT OF REVENUES,
EXPENDITURE, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>MBA</u>	<u>CDRA</u>	<u>Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Perpetual Care Fees	\$ -	\$ -	\$ -	\$ -
Interest	437	-	-	437
Total Revenues	437	-	-	437
EXPENDITURES				
Current Operating:				
General Government	-	-	-	-
Economic Development	-	80,877	-	80,877
Debt Service:				
Principal	11,000	-	-	11,000
Interest	1,475	-	-	1,475
Other	1,400	-	-	1,400
Total Expenditures	13,875	80,877	-	94,752
Excess of Revenues Over (Under) Expenditures	(13,438)	(80,877)	-	(94,315)
OTHER FINANCING SOURCES (USES)				
Transfers-In	13,553	80,877	-	94,430
Transfers-Out	-	-	-	-
Total other financing sources (uses)	13,553	80,877	-	94,430
Excess (Deficiency) of Revenues over Expenditures	115	-	-	115
Fund Balances at Beginning of Year	11,298	10,532	329,493	351,323
Fund Balances at End of Year	\$ 11,413	\$ 10,532	\$ 329,493	\$ 351,438

AUDITOR'S REPORTS



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDELA HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H. PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

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

Honorable Mayor and City Council
Midway City Corporation
Midway, UT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Midway City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Midway City's basic financial statements, and have issued our report thereon dated December 31, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Midway City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
December 31, 2019



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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

Honorable Mayor and City Council
Midway City Corporation
Midway, UT

Report On Compliance

We have audited Midway City's ("the City") compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

Budgetary Compliance
Fund Balance
Utah Retirement Systems
Justice Court
Restricted Taxes and Related Revenues
Open and Public Meetings Act
Treasurer's Bond
Cash Management
Impact Fees

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Compliance

In our opinion, Midway City, complied, in all material respects, with the compliance requirements identified above for the year ended June 30, 2019.

Report on Internal Control over Financial Reporting

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

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

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

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

Gilbert & Stewart

GILBERT & STEWART

Certified Public Accountants

December 31, 2019

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the 2020 Bonds, Gilmore & Bell, P.C., Bond Counsel to the City, proposes to issue its final approving opinion in substantially the following form:

Re: \$4,820,000 Midway City, Utah General Obligation Bonds, Series 2020

We have acted as bond counsel for Midway City, Utah (the "Issuer"), in connection with the issuance by the Issuer of its \$4,820,000 General Obligation Bonds, Series 2020 (the "Bonds") pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended and other applicable provisions of law; (ii) a resolution of the Issuer adopted on March 17, 2020 (the "Resolution"), which provides for the issuance of the Bonds; and (iii) a bond election held within the Issuer on November 6, 2018. The Bonds are being issued (a) to pay all or a portion of the costs of the acquisition, improvement, and preservation of open space and related projects and (b) to pay costs of issuance of the Bonds.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
2. The Bonds are valid and binding general obligations of the Issuer for the payment of which the full faith and credit of the Issuer are pledged and for the payment of which ad valorem taxes may be levied on all taxable property within the boundaries of the Issuer without limit as to rate or amount.
3. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.
4. Interest on the Bonds is exempt from State of Utah individual income taxes.
5. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

We express no opinion herein regarding the accuracy, completeness or sufficiency of any offering material relating to the Bonds.

The rights of the holders of the Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their

enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Respectfully submitted,

APPENDIX C

FORM OF LIMITED CONTINUING DISCLOSURE UNDERTAKING

This Limited Continuing Disclosure Undertaking dated as of May 14, 2020 (the “Undertaking”) is executed and delivered by Midway City, Utah, (the “City”), in connection with the issuance by the City of its General Obligation Bonds, Series 2020 in the aggregate principal amount of \$4,820,000 (the “Bonds”). The Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and other applicable provisions of law; and (ii) a resolution of the City Council of the City adopted on March 17, 2020 (the “Resolution”), which provides for the issuance of the Bonds following an approving election as described therein.

Section 1. Purpose of the Undertaking. This Undertaking is being executed and delivered by the City for the benefit of the Bondholders and Beneficial Owners of the Bonds and to assist the Participating Underwriter in complying with the Rule (each as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 4 and 5 of this Undertaking.

“Beneficial Owner” shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean initially the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Financial Obligation” shall mean a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 6 of this Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is 1300 I Street, NW, Suite 1000, Washington DC 20005-3314; Telephone (202) 838-1500; Fax (202) 898-1500, and the website address of which is www.msrb.org and www.emma.org (for municipal disclosures and market data).

“Official Statement” shall mean the Official Statement of the City dated April 30, 2020, relating to the Bonds.

“Participating Underwriter” shall mean any of the original purchasers of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Limited Disclosure Exception. Pursuant to paragraph (d)(2) of the Rule, the City is not an obligated person with respect to more than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds but excluding transactions exempt from the Rule under paragraph (d)(1) thereof, as of the date hereof. The City represents that the only financial information and operating data contained in the Official Statement and which it customarily prepares and makes publicly available is the financial information and operating data referenced in the Annual Report described in Sections 4 and 5 hereof.

Section 4. Provision of Annual Reports.

(a) The City shall prepare an Annual Report of the City and shall, or shall cause the Dissemination Agent to, not later than two hundred and ten (210) days after the end of each fiscal year of the City (presently June 30), commencing with the fiscal year ended June 30, 2020 provide to the MSRB, the Annual Report of the City which is consistent with the requirements of Section 5 of this Undertaking. Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report of the City to the Dissemination Agent. In each case, the Annual Report of the City may be submitted as a single document or as separate documents comprising package, and may include by reference other information as provided in Section 5 of this Undertaking; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for Listed Event under Section (6)(a).

(b) If by fifteen (15) Business Days prior to the date specified in Section (4)(a) for providing the Annual Report of the City to the MSRB the Dissemination Agent has not received a copy of the Annual Report of the City, the Dissemination Agent shall contact the City to determine if the City is in compliance with Section (4)(a).

(c) If the City is unable to provide to the MSRB by the date required in subsection (a), the City shall, in a timely manner, send a notice to the MSRB.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the website address to which the MSRB directs the Annual Report to be submitted; and

(ii) if the Dissemination Agent is other than an officer of the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Undertaking, stating the date it was provided and listing the website address to which it was provided.

Section 5. Content of Annual Reports.

(a) The City's Annual Report shall contain or incorporate by reference a copy of the City's annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If the City's audited annual financial statements are not available by the time specified in Section 4(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such document incorporated by reference.

Section 6. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6, the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner but not more than ten (10) business days after the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(vi) Defeasances;

(vii) Tender offers;

(viii) Bankruptcy, insolvency, receivership or similar proceedings;

(ix) Rating changes; or

(x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 6, the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not more than ten (10) business days after the Listed Event, if material:

(i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

(ii) Appointment of a successor or additional trustee or the change of the name of a trustee;

(iii) Non-payment related defaults;

(iv) Modifications to the rights of the owners of the Bonds;

(v) Bond calls;

(vi) Release, substitution or sale of property securing repayment of the Bonds; or

(vii) Incurrence of a Financial Obligation of the City or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect holders of the Bonds.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event under Section 6(b), whether because of a notice from the Trustee or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the City has determined that knowledge of the occurrence of a Listed Event under Section 6(b) would be material under applicable federal securities laws, the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection 6(f).

(e) If the City determines that a Listed Event under Section 6(b) would not be material under applicable federal securities laws, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in a timely manner but in no case not more than ten (10) business days after the Listed Event.

Section 7. Termination of Reporting Obligation. The City's obligations under this Undertaking shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 6(f).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist the City in carrying out its obligations under this Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Amendment, Waiver. Notwithstanding any other provision of this Undertaking, the City may amend this Undertaking and any provision of this Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 4(a), 5, 6(a) or 6(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The Undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Bonds or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Undertaking, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Undertaking, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Resolution, and the sole remedy under this Undertaking shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence, gross negligence or willful misconduct. The obligation of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders or Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

MIDWAY CITY, UTAH

By: _____
Mayor

ATTEST:

By: _____
City Recorder

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APPENDIX D

BOOK-ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com>.

Purchases of 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered the transaction. Transfers of ownership interests in the 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2020 Bonds, except if use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2020 Bond documents. For example, Beneficial Owners of 2020 Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all the 2020 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, if a successor depository is not obtained, 2020 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2020 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

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APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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