

MIDWAY CITY CORPORATION

**COMMUNICATION WITH THOSE
CHARGED WITH GOVERNANCE**

JUNE 30, 2024



Honorable Mayor and City Council
Midway City Corporation
Midway, UT

April 5, 2025

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Midway City for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 15, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Midway City are described in Note 1 to the financial statements. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting Midway City Corporation's financial statements was:

Management's estimate of the capital assets' useful life is based on the historical life of similar assets. We evaluated the key factors and assumptions used to develop the capital assets' useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management while performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 5, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Utah State Legal Compliance Findings-Current Year

No findings in the current year.

Utah State Legal Compliance Findings-Prior Year

No findings in the prior year.

This information is intended solely for the use of the City Council and management and is not intended to be and should not be used by anyone other than these specified parties. If you have any questions concerning the above items, we will be happy to discuss them with you.

Sincerely,

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants



**Financial Statements and
Supplementary Data with
Independent Auditor's Report
for the Year Ended
June 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
Midway City, Utah

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Midway City, Utah (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Midway City, as of June 30, 2024 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Midway City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Midway City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Midway City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
Provo, Utah
April 5, 2025

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

MIDWAY CITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024

This document is a narrative overview and analysis of the financial activities of Midway City for the fiscal year ending June 30, 2024. 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, the ice rink and the souvenir shop. 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, 2024**

Government-wide Financial Statements

A condensed version of the Statement of Net Position at June 30, 2024 and 2023 follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
ASSETS						
Cash and investments	\$18,848,344	\$19,254,778	\$ 4,345,630	\$ 5,403,366	\$ 23,193,974	\$ 24,658,144
Other assets	2,153,869	2,102,736	8,041,904	6,930,059	10,195,773	9,032,795
Capital assets, net	38,552,791	35,404,330	55,714,017	53,897,937	94,266,808	89,302,267
Total assets	59,555,004	56,761,844	68,101,551	66,231,362	127,656,555	122,993,206
Deferred outflows of resources	454,354	290,640	91,136	64,817	545,490	355,457
Total assets and deferred outflows	60,009,358	57,052,484	68,192,687	66,296,179	128,202,045	123,348,663
LIABILITIES						
Current liabilities	2,378,445	2,850,472	151,652	1,132,420	2,530,097	3,982,892
Noncurrent liabilities	4,825,546	4,905,340	44,232	50,080	4,869,778	4,955,420
Total liabilities	7,203,991	7,755,812	195,884	1,182,500	7,399,875	8,938,312
Deferred inflows of resources	2,121,392	2,069,465	653	1,126	2,122,045	2,070,591
Total liabilities & deferred inflows	9,325,383	9,825,277	196,537	1,183,626	9,521,920	11,008,903
NET POSITION						
Net investment in capital assets	38,552,791	35,404,330	55,714,017	53,897,937	94,266,808	89,302,267
Restricted	1,393,549	1,131,861	-	-	1,393,549	1,131,861
Unrestricted	10,737,635	10,691,016	12,282,133	11,214,616	23,019,768	21,905,632
Total net position	\$50,683,975	\$47,227,207	\$67,996,150	\$65,112,553	\$118,680,125	\$112,339,760

During the year ended June 30, 2024 there were some significant events that changed the components of net position. An explanation of these events follows:

Governmental Activities:

- Cash has decreased by \$406,434 compared to 2023, mostly due to decreased in charges for services.
- The City invested \$3,148,461 in capital assets with \$4,237,823 in new purchased assets. Depreciation expense was \$1,089,361.

**MIDWAY CITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Business-type Activities:

- The business–type activities saw a decrease in cash of \$1,057,736.
- Capital was also contributed to the Water Fund for the water distribution system from developers in the form of infrastructure and contributed capital. The total amount contributed came to \$785,872 for the water distribution system.

A condensed version of the Statement of Activities at June 30, 2024 and 2023 follows:

	Governmental Activities		Business-Type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Program revenues:						
Charges for services	\$ 1,278,124	\$ 1,409,073	\$ 1,832,732	\$ 1,802,794	\$ 3,110,856	\$ 3,211,867
Operating grants	684,187	389,401	-	-	684,187	389,401
Capital grants	1,066,418	4,579,652	1,312,835	2,999,388	2,379,253	7,579,040
General revenues:						
Taxes	5,424,205	5,265,363	-	-	5,424,205	5,265,363
Interest	918,160	419,383	1,901,645	1,142,127	2,819,805	1,561,510
Miscellaneous	68,885	64,368	-	-	68,885	64,368
Transfers	(217,150)	(93,068)	217,150	93,068	-	-
Total revenues	<u>9,222,829</u>	<u>12,034,172</u>	<u>5,264,362</u>	<u>6,037,377</u>	<u>14,487,191</u>	<u>18,071,549</u>
Expenses:						
General government	2,773,607	3,060,382	-	-	2,773,607	3,060,382
Public safety	221,728	427,056	-	-	221,728	427,056
Economic development	25,525	25,500	-	-	25,525	25,500
Highway and public works	1,460,037	1,897,145	-	-	1,460,037	1,897,145
Parks and recreation	866,826	719,070	-	-	866,826	719,070
Cemetery	418,338	265,041	-	-	418,338	265,041
Water	-	-	2,061,789	1,531,550	2,061,789	1,531,550
Ice Rink	-	-	202,801	155,395	202,801	155,395
Souvenir Shop	-	-	116,175	131,350	116,175	131,350
Total expenses	<u>5,766,061</u>	<u>6,394,194</u>	<u>2,380,765</u>	<u>1,818,295</u>	<u>8,146,826</u>	<u>8,212,489</u>
Change in net position	<u>3,456,768</u>	<u>5,639,978</u>	<u>2,883,597</u>	<u>4,219,082</u>	<u>6,340,365</u>	<u>9,859,060</u>
Beginning net position	<u>47,227,207</u>	<u>41,587,229</u>	<u>65,112,553</u>	<u>60,893,471</u>	<u>112,339,760</u>	<u>102,480,700</u>
Ending net position	<u>\$50,683,975</u>	<u>\$47,227,207</u>	<u>\$ 67,996,150</u>	<u>\$ 65,112,553</u>	<u>\$118,680,125</u>	<u>\$112,339,760</u>

Governmental Activities:

For the year ended June 30, 2024, the total revenues for the governmental activities were \$9,222,829. Program revenues totaled \$3,028,729. The major sources of program revenues are building permits, impact fees, and contributed capital. Charges for services decreased by \$130,949 compared to the prior year. General revenues for the year totaled \$6,194,100, which is netted with the transfer to business-type activities in the amount of \$217,150. The major sources of general revenues are taxes and interest earnings. Taxes comprise 59% of the City’s general fund revenues.

**MIDWAY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Business-type Activities:

The total revenues for the business-type activities were \$5,264,362. Program revenues total \$3,145,567. The majority of the revenue is from charges for services of the enterprise funds, as well as water stock contributed capital, which decreased substantially from 2023 to 2024. The general revenues in the business-type activities consist of \$1,901,645 in interest and a transfer in from governmental activities of \$217,150. The water fund had operating loss of \$413,886 while the ice rink fund had an operating loss of \$88,556, and the Souvenir Shop had an operating loss of \$45,951. The Water Fund received \$1,180,968 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 \$488,373 less than was budgeted. In total, the actual revenues in the general fund were \$303,823 above the budgeted amounts.

Capital Assets

At June 30, 2024 the City had \$94,266,808 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 \$4,964,541 or 5.55% over last year.

	Capital Assets at Year-end					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2024	2023	2024	2023	2024	2023
Land	\$ 10,197,110	\$ 9,252,672	\$ -	\$ -	\$ 10,197,110	\$ 9,252,672
Construction in Progress	887,459	126,449	-	1,691,676	887,459	1,818,125
Water Stock	-	-	34,719,050	34,037,800	34,719,050	34,037,800
Buildings	4,376,130	4,118,173	90,832	43,988	4,466,962	4,162,161
Improvements	5,739,888	4,394,241	-	-	5,739,888	4,394,241
Infrastructure	28,988,304	28,340,856	26,314,328	22,893,270	55,302,632	51,234,126
Machinery & Equipment	1,521,308	1,418,436	426,082	426,082	1,947,390	1,844,518
Vehicles	1,302,042	1,123,592	-	-	1,302,042	1,123,592
Ice Rink	-	-	339,015	339,015	339,015	339,015
Subtotal	53,012,241	48,774,419	61,889,307	59,431,831	114,901,548	108,206,250
Accum Depreciation	<u>(14,459,450)</u>	<u>(13,370,089)</u>	<u>(6,175,290)</u>	<u>(5,533,894)</u>	<u>(20,634,740)</u>	<u>(18,903,983)</u>
Capital Assets, Net	<u>\$ 38,552,791</u>	<u>\$ 35,404,330</u>	<u>\$ 55,714,017</u>	<u>\$ 53,897,937</u>	<u>\$ 94,266,808</u>	<u>\$ 89,302,267</u>

MIDWAY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Capital Assets (Continued)

The most significant additions to capital assets in the governmental activities were \$257,957 on buildings, \$761,010 on construction in progress, \$1,345,647 on improvements, \$647,448 in new infrastructure, \$944,4438 land in contributed capital, \$102,872 in equipment and \$178,450 in new vehicles.

The most significant additions to capital assets in the business-type activities were \$681,250 in water system improvements including contributed capital of \$1,180,968,

Debt Outstanding

On the 2020 bonds, the City had \$4,150,000 outstanding compared to \$4,335,000 in 2023, a decrease of \$185,000.

There was a total of \$185,000 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
AS OF JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 16,868,504	\$ 4,345,630	\$ 21,214,134
Restricted cash	1,979,840	-	1,979,840
Accounts receivable (net)	80,960	48,670	129,630
Due from other governments	2,072,909	-	2,072,909
Inventory	-	20,000	20,000
Investment in joint venture	-	7,973,234	7,973,234
Net pension asset	-	-	-
Capital assets:			
Land	10,197,110	-	10,197,110
Water stock	-	34,719,050	34,719,050
Construction in progress	887,459	-	887,459
Buildings	4,376,130	90,832	4,466,962
Improvements	5,739,888	-	5,739,888
Infrastructure	28,988,304	26,314,328	55,302,632
Machinery and equipment	2,823,350	426,082	3,249,432
Ice rink	-	339,015	339,015
Less accumulated depreciation	<u>(14,459,450)</u>	<u>(6,175,290)</u>	<u>(20,634,740)</u>
Total capital assets, net	<u>38,552,791</u>	<u>55,714,017</u>	<u>94,266,808</u>
Total assets	<u>59,555,004</u>	<u>68,101,551</u>	<u>127,656,555</u>
Deferred outflows of resources			
Deferred outflows of resources - pensions	<u>454,354</u>	<u>91,136</u>	<u>545,490</u>
Total assets and deferred outflows of resources	<u>60,009,358</u>	<u>68,192,687</u>	<u>128,202,045</u>
Liabilities			
Accounts payable	288,514	83,844	372,358
Accrued liabilities	137,279	-	137,279
Deposits and bonds	1,952,652	67,808	2,020,460
Noncurrent liabilities:			
Due in less than one year	190,000	-	190,000
Due in more than one year	<u>4,635,546</u>	<u>44,232</u>	<u>4,679,778</u>
Total liabilities	<u>7,203,991</u>	<u>195,884</u>	<u>7,399,875</u>
Deferred inflows of resources			
Unavailable revenues - property taxes	1,411,866	-	1,411,866
Unavailable revenues - ARPA & advance funds	705,891	-	705,891
Deferred inflows of resources - pensions	<u>3,635</u>	<u>653</u>	<u>4,288</u>
Total liabilities and deferred inflows of resources	<u>9,325,383</u>	<u>196,537</u>	<u>9,521,920</u>
NET POSITION			
Net investment in capital assets	38,552,791	55,714,017	94,266,808
Restricted for:			
Class "C" roads	1,064,056	-	1,064,056
Impact fees	586,291	-	586,291
Perpetual care	329,493	-	329,493
Unrestricted	<u>10,151,344</u>	<u>12,282,133</u>	<u>22,433,477</u>
Total net position	<u>\$ 50,683,975</u>	<u>\$ 67,996,150</u>	<u>\$ 118,680,125</u>

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

MIDWAY CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	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	\$ 2,773,607	\$ 753,882	\$ -	\$ -	\$ (2,019,725)	\$ -	\$ (2,019,725)
Public safety	221,728	4,677	68,392	-	(148,659)	-	(148,659)
Economic development	25,525	269,994	-	-	244,469	-	244,469
Highways and public works	1,460,037	141,039	615,795	959,351	256,148	-	256,148
Parks and recreation	866,826	58,457	-	107,067	(701,302)	-	(701,302)
Cemetery	418,338	50,075	-	-	(368,263)	-	(368,263)
Total governmental activities	<u>5,766,061</u>	<u>1,278,124</u>	<u>684,187</u>	<u>1,066,418</u>	<u>(2,737,332)</u>	<u>-</u>	<u>(2,737,332)</u>
Business-type activities							
Water	2,061,789	1,647,903	-	1,312,835	-	898,949	898,949
Ice rink	202,801	114,245	-	-	-	(88,556)	(88,556)
Souvenir Shop	116,175	70,584	-	-	-	(45,591)	(45,591)
Total business-type activities	<u>2,380,765</u>	<u>1,832,732</u>	<u>-</u>	<u>1,312,835</u>	<u>-</u>	<u>764,802</u>	<u>764,802</u>
Total government	<u>\$ 8,146,826</u>	<u>\$ 3,110,856</u>	<u>\$ 684,187</u>	<u>\$ 2,379,253</u>	<u>(2,737,332)</u>	<u>764,802</u>	<u>(1,972,530)</u>
General revenues:							
Taxes							
Property					1,468,531	-	1,468,531
Sales and use					1,508,552	-	1,508,552
Telecommunication and franchise					628,206	-	628,206
Room tax					111,472	-	111,472
Resort tax					1,176,923	-	1,176,923
Highway tax					342,259	-	342,259
TAP tax					188,262	-	188,262
Interest and investment earnings					918,160	1,901,645	2,819,805
Miscellaneous					68,885	-	68,885
Transfers					(217,150)	217,150	-
Total general revenues and transfers					<u>6,194,100</u>	<u>2,118,795</u>	<u>8,312,895</u>
Change in net position					<u>3,456,768</u>	<u>2,883,597</u>	<u>6,340,365</u>
Net position at beginning of year					<u>47,227,207</u>	<u>65,112,553</u>	<u>112,339,760</u>
Net position at end of year					<u>\$ 50,683,975</u>	<u>\$ 67,996,150</u>	<u>\$ 118,680,125</u>

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

**MIDWAY CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2024**

	General	Capital Projects	MBA	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 3,668,846	\$ 10,472,584	\$ 2,629,441	\$ 97,633	\$ 16,868,504
Restricted cash	-	1,650,347	-	329,493	1,979,840
Accounts receivable	80,960	-	-	-	80,960
Prepaid expenses	-	-	-	-	-
Due from other governments	2,072,909	-	-	-	2,072,909
TOTAL ASSETS	\$ 5,822,715	\$ 12,122,931	\$ 2,629,441	\$ 427,126	\$ 21,002,213
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 76,775	\$ 211,739	\$ -	\$ -	\$ 288,514
Accrued liabilities	137,279	-	-	-	137,279
Deposits and bonds	1,952,652	-	-	-	1,952,652
TOTAL LIABILITIES	2,166,706	211,739	-	-	2,378,445
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	1,411,866	-	-	-	1,411,866
Unavailable revenues - ARPA & advance funds	615,891	90,000	-	-	705,891
TOTAL DEFERRED INFLOWS OF RESOURCES	2,027,757	90,000	-	-	2,117,757
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	4,194,463	301,739	-	-	4,496,202
FUND BALANCES					
Unspendable:					
Prepaid expense	-	-	-	-	-
Restricted for:					
Class C roads	-	1,064,056	-	-	1,064,056
Highway tax	-	-	-	-	-
Park impact fees	-	-	-	-	-
Trails impact fees	-	-	-	-	-
Transportation impact fees	-	586,291	-	-	586,291
Perpetual care	-	-	-	329,493	329,493
Committed:					
Park construction	-	86,787	-	-	86,787
Assigned:					
Capital projects	-	10,084,058	-	-	10,084,058
CDRA fund	-	-	-	97,633	97,633
MBA fund	-	-	2,629,441	-	2,629,441
Unassigned	1,628,252	-	-	-	1,628,252
TOTAL FUND BALANCES	1,628,252	11,821,192	2,629,441	427,126	16,506,011
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND FUND BALANCES	\$ 5,822,715	\$ 12,122,931	\$ 2,629,441	\$ 427,126	\$ 21,002,213

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
AS OF JUNE 30, 2024

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

Total fund balances--total governmental funds	\$ 16,506,011
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the fund financial statements.	38,552,791
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.	454,354
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.	(3,635)
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	(246,330)
MBA lease revenue bonds	-
MBA bond payable	(4,150,000)
MBA unamortized premium	(296,945)
Compensated absences	<u>(132,271)</u>
Net position of governmental activities	<u>\$ 50,683,975</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, 2024

	General	Capital Projects	MBA	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 5,424,205	\$ -	\$ -	\$ -	\$ 5,424,205
Licenses and permits	758,559	-	-	-	758,559
Intergovernmental	684,187	-	-	-	684,187
Charges for services	462,408	-	-	-	462,408
Other revenues	153,668	772,870	123,414	-	1,049,952
Impact fees	-	274,796	-	-	274,796
Interfund services provided	-	-	-	-	-
Total revenues	7,483,027	1,047,666	123,414	-	8,654,107
EXPENDITURES					
Current operating:					
General government	2,647,808	1,794	-	71,714	2,721,316
Public safety	223,287	-	-	-	223,287
Economic development	25,000	-	-	525	25,525
Highways and public works	370,976	246,388	-	-	617,364
Parks and recreation	541,153	44,431	-	-	585,584
Cemetery	283,560	-	-	-	283,560
Tourism and culture	140,653	-	-	-	140,653
Debt service:					
Principal	-	-	185,000	-	185,000
Interest	-	-	137,294	-	137,294
Other	-	-	(1,082)	-	(1,082)
Capital outlay					
General government	-	535,477	-	-	535,477
Highways and public works	-	1,087,760	-	-	1,087,760
Parks and recreation	-	1,828,713	-	-	1,828,713
Cemetery	-	-	-	-	-
Total expenditures	4,232,437	3,744,563	321,212	72,239	8,370,451
Excess of revenues over (under) expenditures	3,250,590	(2,696,897)	(197,798)	(72,239)	283,656
OTHER FINANCING SOURCES (USES)					
Transfers-in	-	3,468,133	207,111	72,239	3,747,483
Transfers-out	(3,964,633)	-	-	-	(3,964,633)
Total other financing sources (uses)	(3,964,633)	3,468,133	207,111	72,239	(217,150)
Net change in fund balances	(714,043)	771,236	9,313	-	66,506
Fund balances at beginning of year	2,342,295	11,049,956	2,620,128	427,126	16,439,505
Fund balances at end of year	\$ 1,628,252	\$ 11,821,192	\$ 2,629,441	\$ 427,126	\$ 16,506,011

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, 2024

Net change in fund balance, total governmental funds \$ 66,506

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	3,451,950	
Depreciation expense	<u>(1,089,361)</u>	2,362,589

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. -

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. 50,363

Capital assets contributed by developers constitute revenues on the government-wide financial statements. 785,872

Long-term liabilities are not recorded in the governmental funds, but are reported in the statement of net position. These are the changes in these liabilities and are reported in the statements of activities:

Bond proceeds	-	
Amortization of bond premium	18,601	
Payment on bonds payable	185,000	
Payment on bonds premium	-	
Net change of compensated absences	<u>(12,163)</u>	<u>191,438</u>

Change in net position of governmental activities \$ 3,456,768

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

MIDWAY CITY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
PROPRIETARY FUNDS
AS OF JUNE 30, 2024

	Water	Ice Rink	Souvenir	Total
ASSETS				
Current assets:				
Cash	\$ 4,081,939	\$ 258,983	\$ 4,708	\$ 4,345,630
Accounts receivable (net)	48,670	-	-	48,670
Inventory	20,000	-	-	20,000
Total current assets	4,150,609	258,983	4,708	4,414,300
Noncurrent assets:				
Investment in joint venture	7,973,234	-	-	7,973,234
Net pension asset	-	-	-	-
Capital assets:				
Water stock	34,719,050	-	-	34,719,050
Construction in progress	-	-	-	-
Water distribution system	26,314,328	-	-	26,314,328
Buildings	-	43,988	46,844	90,832
Machinery and equipment	47,521	378,561	-	426,082
Ice sheet	-	339,015	-	339,015
Less accumulated depreciation	(5,747,048)	(428,242)	-	(6,175,290)
Total capital assets, net	55,333,851	333,322	46,844	55,714,017
Total noncurrent assets	63,307,085	333,322	46,844	63,687,251
Total assets	67,457,694	592,305	51,552	68,101,551
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources relating to pensions	50,341	16,280	24,515	91,136
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 67,508,035	\$ 608,585	\$ 76,067	\$ 68,192,687
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 79,339	\$ 264	\$ 4,241	\$ 83,844
Customer deposits	67,808	-	-	67,808
Total current liabilities	147,147	264	4,241	151,652
Noncurrent liabilities:				
Net pension liability	23,256	8,899	12,077	44,232
Total noncurrent liabilities	23,256	8,899	12,077	44,232
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources relating to pensions	343	131	179	653
TOTAL LIABILITIES AND DEFERRED INFLOWS	170,746	9,294	16,497	196,537
NET POSITION				
Net investment in capital assets	55,333,851	333,322	46,844	55,714,017
Restricted for impact fees	-	-	-	-
Unrestricted	12,003,438	265,969	12,726	12,282,133
Total net position	67,337,289	599,291	59,570	67,996,150
Total liabilities, deferred inflows and net position	\$ 67,508,035	\$ 608,585	\$ 76,067	\$ 68,192,687

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, 2024

	<u>Water</u>	<u>Ice Rink</u>	<u>Souvenir</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 1,574,103	\$ 114,245	\$ -	\$ 1,688,348
Connection fees	73,800	-	-	73,800
Sales	-	-	138,492	138,492
Cost of Sales	-	-	(67,908)	(67,908)
Total operating revenues	<u>1,647,903</u>	<u>114,245</u>	<u>70,584</u>	<u>1,832,732</u>
Operating expenses:				
Salaries and benefits	204,959	67,674	89,879	362,512
Maintenance and supplies	347,847	59,161	5,289	412,297
Professional and technical	15,139	-	3,230	18,369
Utilities	42,867	41,871	-	84,738
Depreciation	608,473	32,924	-	641,397
Contracted services	91,316	1,171	-	92,487
Irrigation assessment	622,170	-	-	622,170
Other	129,018	-	17,777	146,795
Total operating expenses	<u>2,061,789</u>	<u>202,801</u>	<u>116,175</u>	<u>2,380,765</u>
Operating income (loss)	<u>(413,886)</u>	<u>(88,556)</u>	<u>(45,591)</u>	<u>(548,033)</u>
Nonoperating revenues (expenses)				
Interest revenue	784,505	-	-	784,505
Joint venture income (loss)	1,117,140	-	-	1,117,140
Impact fees	131,867	-	-	131,867
Total nonoperating revenues (expenses)	<u>2,033,512</u>	<u>-</u>	<u>-</u>	<u>2,033,512</u>
Net income (loss) before contributions	<u>1,619,626</u>	<u>(88,556)</u>	<u>(45,591)</u>	<u>1,485,479</u>
Capital contributions	1,180,968	-	-	1,180,968
Transfers in (out)	-	117,647	99,503	217,150
Change in net position	<u>2,800,594</u>	<u>29,091</u>	<u>53,912</u>	<u>2,883,597</u>
Total net position - beginning	<u>64,536,695</u>	<u>570,200</u>	<u>5,658</u>	<u>65,112,553</u>
Total net position - ending	<u>\$ 67,337,289</u>	<u>\$ 599,291</u>	<u>\$ 59,570</u>	<u>\$ 67,996,150</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, 2024

	<u>Water</u>	<u>Ice Rink</u>	<u>Souvenir</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from customers	\$ 1,653,196	\$ 114,245	\$ 70,584	\$ 1,838,025
Cash paid to suppliers	(2,224,228)	(101,874)	(31,522)	(2,357,624)
Cash paid to employees	(229,330)	(68,875)	(96,947)	(395,152)
Net cash provided (used) by operating activities	<u>(800,362)</u>	<u>(56,504)</u>	<u>(57,885)</u>	<u>(914,751)</u>
Cash flows from noncapital financing activities				
Transfers in/out	-	117,647	99,503	217,150
Net cash used in noncapital financing activities	<u>-</u>	<u>117,647</u>	<u>99,503</u>	<u>217,150</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(1,229,663)	-	(46,844)	(1,276,507)
Impact fees collected	131,867	-	-	131,867
Net cash in capital and related financing activities	<u>(1,097,796)</u>	<u>-</u>	<u>(46,844)</u>	<u>(1,144,640)</u>
Cash flows from investing activities				
Interest on investments	784,505	-	-	784,505
Dividends from joint venture	-	-	-	-
Net cash provided by investing activities	<u>784,505</u>	<u>-</u>	<u>-</u>	<u>784,505</u>
Net increase (decrease) in cash	<u>(1,113,653)</u>	<u>61,143</u>	<u>(5,226)</u>	<u>(1,057,736)</u>
Cash - July 1	<u>5,195,592</u>	<u>197,840</u>	<u>9,934</u>	<u>5,403,366</u>
Cash - June 30	<u>\$ 4,081,939</u>	<u>\$ 258,983</u>	<u>\$ 4,708</u>	<u>\$ 4,345,630</u>
Noncash investing and financing:				
Contributions from developers	<u>1,180,968</u>	<u>-</u>	<u>-</u>	<u>1,180,968</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (413,886)	\$ (88,556)	\$ (45,591)	\$ (548,033)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	608,473	32,924	-	641,397
Changes in assets, liabilities, deferred outflows/inflows:				
Accounts receivable	5,293	-	-	5,293
Accounts payable	(962,492)	329	(5,226)	(967,389)
Customer deposits	(13,379)	-	-	(13,379)
Accounts payable - related to capital	-	-	-	-
Net pension liability and deferred outflows/inflows	(24,371)	(1,201)	(7,068)	(32,640)
Net cash provided by operating activities	<u>\$ (800,362)</u>	<u>\$ (56,504)</u>	<u>\$ (57,885)</u>	<u>\$ (914,751)</u>

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

**NOTES TO THE FINANCIAL
STATEMENTS**

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024

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, 2024

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.

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).

The following describes the nonmajor governmental funds of the City:

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, the ice sheet fund, and the souvenir shop 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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities and Equity (continued)

Fund Statements (continued)

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.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Leases as a lessee / Subscription Based Information Technology Arrangements (SBITAs)

The City recognizes a liability and an intangible right-to-use assets in the government-wide financial statements. At the commencement of a lease / SBITA, the City initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct / implementation costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases / SBITAs include how the City determines (the discount rate it uses to discount the expected lease payments to present value, (2) term, and (3) payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The term includes the noncancellable period of the lease /SBITA. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. In determining the term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the term if the lease / SBITA is reasonably certain to be extended (or not terminated).

The City monitors changes in circumstances that would require a remeasurement of its lease / SBITAs and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. Assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position. Payments due under the lease / SBITA contracts are fixed payments. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the City under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the City exercising that option.
-

Payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in leases / SBITAs to maximize operational flexibility in terms of managing the assets used in the City's operations. The majority of extension and termination options held are exercisable only by the City and not by the respective lessor.

The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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.

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, 2024

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, 2024, \$1,340,629 of the City's bank balances of \$1,626,203 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, 2024

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, 2024, the City had the following recurring fair value measurements.

Investments by fair value level	Total	Level 1	Level 2	Level 3
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 23,303,625	\$ -	\$ 23,303,625	\$ -
Total debt securities	\$ 23,303,625	\$ -	\$ 23,303,625	\$ -

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, 2024

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	23,303,625	23,303,625	-	-	-
	23,303,625	23,303,625	-	-	-

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, 2024, are as follows:

Cash on hand and on deposit:	
Cash on deposit	\$ (110,051)
Petty cash	400
PTIF investment	23,303,625
Total cash and investments	\$23,193,974

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

Cash	\$20,944,134
Restricted Cash	2,249,840
Total cash and investments	\$23,193,974

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4. ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS

Accounts receivable for the City, including the applicable allowance for uncollectible accounts at June 30, 2024, are as follows:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Receivables:			
Individual accounts	\$ 80,960	\$ 53,201	\$ 134,161
Sales tax	244,017	-	244,017
Highway tax	57,969	-	57,969
Resort tax	198,335	-	198,335
Room tax	19,452	-	19,452
Telecommunication tax	4,225	-	4,225
Energy sales tax	1,150	-	1,150
Franchise tax	42,853	-	42,853
Property taxes - current	13,862	-	13,862
Property taxes - unavailable	1,411,866	-	1,411,866
Class C Roads	61,780	-	61,780
Other receivables	17,400	-	17,400
	<u>2,153,869</u>	<u>53,201</u>	<u>2,207,070</u>
Less: Allowance for uncollectibles	<u>-</u>	<u>(4,531)</u>	<u>(4,531)</u>
Net total receivables	<u>\$ 2,153,869</u>	<u>\$ 48,670</u>	<u>\$ 2,202,539</u>
Statement of Net Position:			
Accounts Receivable (Net)	\$ 80,960	\$ 48,670	\$ 129,630
Due from Other Governments	<u>2,072,909</u>	<u>-</u>	<u>2,072,909</u>
	<u>\$ 2,153,869</u>	<u>\$ 48,670</u>	<u>\$ 2,202,539</u>

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	12.50%
	<u>100.00%</u>

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. INVESTMENT IN JOINT VENTURE (continued)

	Joint Ventures	Midway City's Portion
Assets	\$ 121,174,141	\$ 15,146,768
Deferred Outflow	1,790,996	223,875
Liabilities	59,169,848	7,396,231
Deferred Inflows	9,420	1,178
Net position	\$ 63,785,869	\$ 7,973,234
Operating revenues	\$ 25,991,779	\$ 3,248,972
Operating expenses	26,426,443	3,303,305
Income from operations	(434,664)	(54,333)
Nonoperating income (expense)	3,862,157	482,770
Net income (loss)	3,427,493	428,437
Add: contributed capital	5,359,622	669,953
Less: distributions to owners	-	-
Change in net position	8,787,115	1,098,389
Beginning net position	54,998,754	6,874,844
Ending net position	\$ 63,785,869	\$ 7,973,234
Reconciliation to Statement of Net Position		
Balance at December 31, 2023		\$ 7,973,234
Less: withdrawals between December 31st and June 30th		-
Balance at June 30, 2024		\$ 7,973,234
Midway's prior year balance on financials:		\$ 6,856,094
Change in net position		1,117,140
		\$ 7,973,234

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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	\$ 9,252,672	\$ 944,438	\$ -	\$ 10,197,110
Construction in Progress	126,445	846,348	(85,334)	887,459
Total capital assets, not being depreciated	<u>9,379,117</u>	<u>1,790,786</u>	<u>(85,334)</u>	<u>11,084,569</u>
Capital assets, being depreciated				
Buildings	4,118,173	257,957	-	4,376,130
Improvements - nonbuilding	4,394,241	1,345,647	-	5,739,888
Infrastructure	28,340,856	647,448	-	28,988,304
Machinery & Equipment	1,418,436	102,871	-	1,521,307
Vehicles	1,123,592	178,451	-	1,302,043
Total capital assets, being depreciated	<u>39,395,298</u>	<u>2,532,374</u>	<u>-</u>	<u>41,927,672</u>
Accumulated Depreciation for:				
Buildings	(1,310,673)	(105,558)	-	(1,416,231)
Improvements - nonbuilding	(1,719,667)	(145,676)	-	(1,865,343)
Infrastructure	(8,334,118)	(680,093)	-	(9,014,211)
Machinery & Equipment	(1,295,048)	(49,758)	-	(1,344,806)
Vehicles	(710,583)	(108,276)	-	(818,859)
Total accumulated depreciation	<u>(12,319,182)</u>	<u>(1,089,361)</u>	<u>-</u>	<u>(14,459,450)</u>
Total capital assets, being depreciated, net	<u>27,076,116</u>	<u>1,443,013</u>	<u>-</u>	<u>27,468,222</u>
Governmental activities capital assets, net	<u>\$ 36,455,233</u>	<u>\$ 3,233,799</u>	<u>\$ (85,334)</u>	<u>\$ 38,552,791</u>

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

Governmental Activities:

General Government	\$ 92,444
Highways and Public Works	847,015
Parks and Recreation	146,824
Cemetery	<u>3,078</u>
Total Depreciation Expense	<u>\$ 1,089,361</u>

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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	\$ 34,037,800	\$ 681,250	\$ -	\$ 34,719,050
Construction in Progress	1,691,676	-	(1,691,676)	-
Total capital assets, not being depreciated	<u>35,729,476</u>	<u>681,250</u>	<u>(1,691,676)</u>	<u>34,719,050</u>
Capital assets, being depreciated				
Buildings	43,988	-	-	43,988
Water Distribution System	22,893,272	3,421,056	-	26,314,328
Machinery & Equipment	426,082	-	-	426,082
Souvenir Shop	-	46,844	-	46,844
Ice Rink	339,015	-	-	339,015
Total capital assets, being depreciated	<u>23,702,357</u>	<u>3,467,900</u>	<u>-</u>	<u>27,170,257</u>
Accumulated Depreciation for:				
Buildings	(16,928)	(2,514)	-	(19,442)
Water Distribution System	(5,091,054)	(608,474)	-	(5,699,528)
Machinery & Equipment	(239,417)	(15,249)	-	(254,666)
Ice Rink	(186,494)	(15,160)	-	(201,654)
Total accumulated depreciation	<u>(5,533,893)</u>	<u>(641,397)</u>	<u>-</u>	<u>(6,175,290)</u>
Total capital assets, being depreciated, net	<u>18,168,464</u>	<u>2,826,503</u>	<u>-</u>	<u>20,994,967</u>
Business-type activities capital assets, net	<u>\$ 53,897,940</u>	<u>\$ 3,507,753</u>	<u>\$ (1,691,676)</u>	<u>\$ 55,714,017</u>

Depreciation expense was charged to the proprietary funds as follows:

Business-type Activities:

Water Fund	\$ 608,474
Ice Rink Fund	<u>32,923</u>
Total Depreciation Expense	<u>\$ 641,397</u>

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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.

Transfers In:	Transfers Out		
	General Fund	Water Fund	Total
Capital Projects	\$ 3,468,133	\$ -	\$ 3,468,133
MBA Fund	207,111	-	207,111
CDRA Fund	72,239	-	72,239
Ice Rink	117,647	-	117,647
Souvenir Shop	99,503	-	99,503
Totals	\$ 3,964,633	\$ -	\$ 3,964,633

NOTE 8. LONG TERM LIABILITIES

The Midway City Municipal Building Authority entered into an agreement authorizing the issuance and confirming the sale of General Obligation Bonds Series 2020 on May 14, 2020 in the amount of \$4,820,000. The proceeds were for the preservation of open space and related improvements. The stated interest rate is 5.00% for the first \$1,975,000 in Serial Bonds with principal repayment beginning on June 15, 2021 with annual payments made through 2030. There are additional Term Bonds due every two years thereafter with a mandatory sinking fund principal payment due each year.

The interest expense for the General Obligation Bond recorded as of June 30, 2024 is \$118,692. As of June 30, 2024, \$4,820,000 has been issued and \$4,150,000 is outstanding. The following is a schedule of payments due by year for the next five years, and then grouped in five-year increments thereafter.

General Obligation Bonds 2020				
Year Ended June 30,	Principal	Rate	Interest	Total
2025	\$ 190,000	5.00%	\$ 109,442	\$ 299,442
2026	200,000	5.00%	99,942	299,942
2027	210,000	5.00%	89,942	299,942
2028	225,000	5.00%	79,442	304,442
2029	235,000	5.00%	68,192	303,192
2030-2034	1,315,000	2.00%-5.00%	201,273	1,516,273
2035-2039	1,460,000	2.125%-2.25%	50,197	1,510,197
2040	315,000	2.38%	-	315,000
Totals	\$ 4,150,000		\$ 698,430	\$ 4,848,430

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Governmental activities:					
2020 G.O. Bonds	\$ 4,335,000	\$ -	\$ (185,000)	\$ 4,150,000	\$ 190,000
Premium on G.O. Bonds	315,546	-	(18,601)	296,945	-
Net pension liability	155,185	91,145	-	246,330	-
Total debt	4,805,731	91,145	(203,601)	4,693,275	190,000
Compensated absences	120,104	12,167	-	132,271	-
<i>Total governmental activities</i>	<u>\$ 4,925,835</u>	<u>\$ 103,312</u>	<u>\$ (203,601)</u>	<u>\$ 4,825,546</u>	<u>\$ 190,000</u>

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Business-type activities:					
Net pension liability	\$ 29,580	\$ 14,652	\$ -	\$ 44,232	\$ -
<i>Total business-type activities</i>	<u>\$ 29,580</u>	<u>\$ 14,652</u>	<u>\$ -</u>	<u>\$ 44,232</u>	<u>\$ -</u>

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.
- Public Employees Contributory Retirement System (Contributory System) is multiple-employer, cost sharing, 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

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9. RETIREMENT SYSTEM (continued)

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%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65*	1.5% per year to June 1975; 2.00% per year July 1975 to present	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, 2024

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, 2024 are as follows:

Utah Retirement Systems

	Tier 1 - DB System			Tier 2 - DB Hybrid System			Tier 2 - 401(k) Option				
	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)
Contributory System											
11 - Local Government	6.00	13.96	-	111	-	17.77	0.18	211	-	7.95	10.00
Noncontributory System											
15 - Local Government	-	17.97	-	111	-	16.01	0.18	211	-	6.19	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, 2024, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 175,827	-
Tier 2 Public Employees System	\$ 149,955	294
Tier 2 DC Only System	\$ 4,781	-
Total Contributions	\$ 330,563	\$ 294

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, 2024

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, 2024 we reported a net pension asset of \$0 and a net pension liability of \$290,563.

	(Measurement Date): December 31, 2023			Proportionate Share December 31, 2022	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 234,037	0.1008971%	0.0914683%	0.0094288%
Tier 2 Public Employees System	\$ -	\$ 56,525	0.0290411%	0.0258093%	0.0032318%
Total Net Pension Asset/Liability	<u>\$ -</u>	<u>\$ 290,562</u>			

The net pension asset and liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2024, we recognized pension expense of \$247,998.

At June 30, 2024 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	\$ 181,980	\$ 926
Changes in assumptions	102,584	45
Net difference between projected and actual earnings on pension plan investments	82,490	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,738	3,317
Contributions subsequent to the measurement date	168,698	-
Total	<u>\$ 545,490</u>	<u>\$ 4,288</u>

\$168,698 as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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
2024	\$ 109,671
2025	103,275
2026	155,975
2027	(27,884)
2028	5,612
Thereafter	\$ 25,856

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

For the year ended June 30, 2024, we recognized pension expense of 174,293.

At June 30, 2024 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	\$ 163,876	\$ -
Changes in assumptions	70,230	-
Net difference between projected and actual earnings on pension plan investments	76,107	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,371	2,193
Contributions subsequent to the measurement date	87,561	-
Total	\$ 401,145	\$ 2,193

\$87,561 as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

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

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2024	\$ 104,459
2025	95,811
2026	143,086
2027	(31,965)
2028	-
Thereafter	\$ -

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9. RETIREMENT SYSTEM (continued)

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

For the year ended June 30, 2024, we recognized pension expense of \$73,706.

At June 30, 2024 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	\$ 18,105	\$ 926
Changes in assumptions	32,355	45
Net difference between projected and actual earnings on pension plan investments	6,383	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,367	1,124
Contributions subsequent to the measurement date	81,136	-
Total	\$ 144,346	\$ 2,095

\$81,136 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

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

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2024	\$ 5,213
2025	7,464
2026	12,889
2027	4,081
2028	5,612
Thereafter	\$ 25,856

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9. RETIREMENT SYSTEM (continued)

Actuarial assumptions:

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.5 - 9.5 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	35%	6.87%	2.40%
Debt Securities	20%	1.54%	0.31%
Real Assets	18%	5.43%	0.98%
Private Equity	12%	9.80%	1.18%
Absolute Return	15%	3.86%	0.58%
Cash and Cash Equivalents	0%	0.24%	0.00%
Totals	100%		5.45%
		Inflation	2.50%
		Expected arithmetic nominal return	7.95%

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

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9. RETIREMENT SYSTEM (continued)

Discount Rate:

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

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

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

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 1,214,642	\$ 234,037	\$ (587,152)
Tier 2 Public Employees System	\$ 194,212	\$ 56,525	\$ (50,251)
Total	\$ 1,408,854	\$ 290,562	\$ (637,403)

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
- *Traditional IRA Plan

MIDWAY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9. RETIREMENT SYSTEM (continued)

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

401(k) Plan	2024	2023	2022
Employer Contributions	\$ 9,386	\$ 8,301	\$ 14,991
Employee Contributions	\$ 30,252	\$ 20,372	\$ 21,167
457 Plan			
Employer Contributions	\$ 302	\$ -	\$ -
Employee Contributions	\$ 4,185	\$ 4,030	\$ 3,480
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 10,175	\$ 9,100	\$ 15,248
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ -	\$ -	\$ -

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, 2024 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, 2024, the following activity occurred in the City's CDRA:

Tax increment collection from other taxing agencies	\$ 72,239
Tax increment paid to other taxing authorities	-
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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes:				
Current year property taxes	\$ 1,379,000	\$ 1,364,158	\$ 1,367,964	\$ 3,806
Fee in lieu	40,000	32,400	36,514	4,114
Redemptions	35,000	56,440	64,053	7,613
Sales and use taxes	1,500,000	1,450,000	1,508,552	58,552
Telecommunication and franchise fees	500,000	581,760	628,206	46,446
Transient room tax	135,000	105,000	111,472	6,472
Resort tax	1,200,000	1,115,000	1,176,923	61,923
Highway tax	330,000	330,000	342,259	12,259
TAP funds	200,000	178,838	188,262	9,424
	<u>5,319,000</u>	<u>5,213,596</u>	<u>5,424,205</u>	<u>201,185</u>
Licenses and permits:				
Business licenses	25,050	25,885	26,105	220
Building permits	525,000	390,000	425,213	35,213
Plan check fees	375,000	280,000	302,564	22,564
Other licenses	4,800	4,465	4,677	212
	<u>929,850</u>	<u>700,350</u>	<u>758,559</u>	<u>58,209</u>
Intergovernmental:				
Class "C" road fund allotment	350,000	633,100	615,795	(17,305)
Backnet grants	70,000	53,391	68,392	15,001
ARPA funding	624,890	-	-	-
Other intergovernmental	-	-	-	-
	<u>1,044,890</u>	<u>686,491</u>	<u>684,187</u>	<u>(2,304)</u>
Charges for services:				
Sanitation District	73,000	127,503	142,339	14,836
Zoning and related development fees	434,000	245,938	269,994	24,056
Burial and assessments	50,000	47,375	50,075	2,700
	<u>557,000</u>	<u>420,816</u>	<u>462,408</u>	<u>41,592</u>
Other revenues:				
Interest earnings	10,000	23,000	27,626	4,626
Rents	23,200	48,210	58,457	10,247
Bond forfeiture	3,400	200	(1,300)	(1,500)
Miscellaneous revenue	43,200	77,117	68,885	(8,232)
	<u>79,800</u>	<u>148,527</u>	<u>153,668</u>	<u>5,141</u>
Total revenues	\$ 7,930,540	\$ 7,169,780	\$ 7,483,027	\$ 303,823

(continued)

MIDWAY CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
General government:				
Mayor and council	\$ 142,533	\$ 143,433	\$ 148,763	\$ (5,330)
Administrative	832,384	848,339	736,082	112,257
Professional services	719,818	429,600	360,377	69,223
Contract services	39,446	58,550	60,937	(2,387)
Nondepartmental	1,414,031	101,220	82,632	18,588
Buildings	157,460	272,547	236,689	35,858
Equipment maintenance	272,200	423,859	323,825	100,034
Planning and zoning	485,130	498,734	448,089	50,645
Building safety	292,305	270,604	250,414	20,190
	<u>4,355,307</u>	<u>3,046,886</u>	<u>2,647,808</u>	<u>399,078</u>
Public safety	<u>187,337</u>	<u>234,041</u>	<u>223,287</u>	<u>10,754</u>
Economic development	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Highways and public works	<u>190,700</u>	<u>396,269</u>	<u>370,976</u>	<u>25,293</u>
Parks and recreation	<u>279,013</u>	<u>575,259</u>	<u>541,153</u>	<u>34,106</u>
Cemetery	<u>91,980</u>	<u>291,055</u>	<u>283,560</u>	<u>7,495</u>
Tourism and culture	<u>104,825</u>	<u>152,300</u>	<u>140,653</u>	<u>11,647</u>
Total expenditures	<u>5,234,162</u>	<u>4,720,810</u>	<u>4,232,437</u>	<u>488,373</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers (out)	(2,696,378)	(3,948,970)	(3,964,633)	15,663
Appropriations of fund balances	-	1,500,000	-	1,500,000
Total other financing sources (uses)	<u>(2,696,378)</u>	<u>(2,448,970)</u>	<u>(3,964,633)</u>	<u>1,515,663</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(714,043)</u>	<u>(714,043)</u>
Fund balances at beginning of year	<u>2,342,295</u>	<u>2,342,295</u>	<u>2,342,295</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,342,295</u>	<u>\$ 2,342,295</u>	<u>\$ 1,628,252</u>	<u>\$ (714,043)</u>

MIDWAY CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
YEAR ENDED JUNE 30, 2024
with a measurement date of December 31, 2023
Last 10 fiscal years*

		Noncontributory System	Contributory Retirement System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)	2024	0.1008971%	0.0000000%	0.0290411%
	2023	0.0914683%	0.0000000%	0.0258093%
	2022	0.0832900%	0.0000000%	0.0231360%
	2021	0.0749951%	0.0000000%	0.0205908%
	2020	0.0688263%	0.0000000%	0.0210507%
	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)	2024 \$	234,037	\$ -	\$ 56,525
	2023 \$	156,662	\$ -	\$ 28,104
	2022 \$	(477,012)	\$ -	\$ (9,792)
	2021 \$	38,468	\$ -	\$ 2,962
	2020 \$	259,397	\$ -	\$ 4,734
	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	2024 \$	926,978	\$ -	\$ 750,814
	2023 \$	778,633	\$ -	\$ 561,297
	2022 \$	650,276	\$ -	\$ 429,373
	2021 \$	570,846	\$ -	\$ 329,224
	2020 \$	502,843	\$ -	\$ 292,718
	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

See accompanying notes to required supplementary information
(continued)

MIDWAY CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
YEAR ENDED JUNE 30, 2024
with a measurement date of December 31, 2023
Last 10 fiscal years*

		Noncontributory System	Contributory Retirement System	Tier 2 Public Employees System
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2024	25.25%	0.00%	7.53%
	2023	20.12%	0.00%	5.01%
	2022	-73.36%	0.00%	-2.28%
	2021	6.74%	0.00%	0.90%
	2020	51.59%	0.00%	1.62%
	2018	57.6%	0.00%	0.90%
	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	2024	96.9%	0.0%	89.6%
	2023	97.5%	0.0%	92.3%
	2022	108.7%	0.0%	103.8%
	2021	99.2%	0.0%	98.3%
	2020	93.7%	0.0%	96.5%
	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 ten years.

See accompanying notes to required supplementary information

MIDWAY CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
FOR FISCAL YEAR ENDED JUNE 30, 2024
with a measurement date of December 31, 2023
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	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%
	2020	96,563	96,563	-	522,812	18.47%
	2021	114,827	114,827	-	621,696	18.47%
	2022	123,989	123,989	-	671,301	18.47%
	2023	146,220	146,220	-	851,096	17.18%
	2024	175,827	175,827	-	1,033,751	17.01%
Contributory System	2015	\$ 1,486	\$ 1,486	\$ -	\$ 10,274	14.46%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	-	-	-	-	0.00%
	2020	-	-	-	-	0.00%
	2021	-	-	-	-	0.00%
	2022	-	-	-	-	0.00%
	2023	-	-	-	-	0.00%
	2024	-	-	-	-	0.00%

See accompanying notes to required supplementary information
(continued)

MIDWAY CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
FOR FISCAL YEAR ENDED JUNE 30, 2024
with a measurement date of December 31, 2023
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
Tier 2 Public Employees System*	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%
	2020	47,287	47,287	-	301,957	15.54%
	2021	58,368	58,368	-	369,419	15.80%
	2022	73,257	73,257	-	466,102	15.72%
	2023	101,989	101,989	-	642,518	15.87%
	2024	149,955	149,955	-	943,662	15.89%
Tier 2 Public Employees DC Only System*	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%
	2020	12,160	12,160	-	181,757	6.69%
	2021	8,920	8,920	-	133,327	6.69%
	2022	8,138	8,138	-	130,744	6.22%
	2023	4,429	4,429	-	71,547	6.19%
	2024	4,781	4,781	-	77,852	6.14%

*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, 2024

Changes in Assumptions:

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

SUPPLEMENTARY INFORMATION

**MIDWAY CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2024**

	<u>CDRA</u>	<u>Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash	\$ 97,633	\$ -	\$ 97,633
Restricted cash	-	329,493	329,493
Total assets	<u>\$ 97,633</u>	<u>\$ 329,493</u>	<u>\$ 427,126</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Restricted for:			
Perpetual care	-	329,493	329,493
Assigned:			
MBA Fund	-	-	-
CDRA Fund	97,633	-	97,633
Total fund balances	<u>97,633</u>	<u>329,493</u>	<u>427,126</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 97,633</u>	<u>\$ 329,493</u>	<u>\$ 427,126</u>

**MIDWAY CITY
COMBINING STATEMENT OF REVENUES,
EXPENDITURE, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>CDRA</u>	<u>Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Perpetual care fees	\$ -	\$ -	\$ -
Interest	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current operating:			
General government	71,714	-	71,714
Economic development	525	-	525
Debt service:			
Principal	-	-	-
Interest	-	-	-
Other	-	-	-
Total expenditures	<u>72,239</u>	<u>-</u>	<u>72,239</u>
Excess of revenues over (under) expenditures	(72,239)	-	(72,239)
OTHER FINANCING SOURCES (USES)			
Proceeds from bonds	-	-	-
Transfers-in	72,239	-	72,239
Transfers-out	-	-	-
Total other financing sources (uses)	<u>72,239</u>	<u>-</u>	<u>72,239</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balances at beginning of year	<u>97,633</u>	<u>329,493</u>	<u>427,126</u>
Fund balances at end of year	<u>\$ 97,633</u>	<u>\$ 329,493</u>	<u>\$ 427,126</u>

AUDITOR'S REPORTS



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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

SIDNEY S. GILBERT, CPA
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**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, 2024, and the related notes to the financial statements, which collectively comprise Midway City's basic financial statements, and have issued our report thereon dated April 5, 2025.

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
April 5, 2025



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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, 2024.

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

Budgetary Compliance
Fund Balance
Fraud Risk Assessment
Restricted Taxes and Related Revenues
Government Fees
Utah Retirement Systems

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, 2024.

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

April 5, 2025