

MIDVALLEY IMPROVEMENT DISTRICT

OPERATING BUDGET

For the Year Ended December 31, 2023



610 East 7800 South, Midvale, Utah 84047
www.mvdst.com

**MIDVALLEY IMPROVEMENT DISTRICT
2023 OPERATING BUDGET
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**MIDVALLEY IMPROVEMENT DISTRICT
2023 OPERATING BUDGET**

DISTINGUISHED BUDGET PRESENTATION AWARD



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Midvalley Improvement District
Utah**

For the Fiscal Year Beginning

January 01, 2022

Christopher P. Morrill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Midvalley Improvement District, Utah for its annual budget for the fiscal year beginning January 1, 2022. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

**MIDVALLEY IMPROVEMENT DISTRICT
2023 OPERATING BUDGET**

ADOPTED BUDGET

2023 Operating Budget

The following is the District’s adopted operating budget for 2023 that was adopted by the District’s Board of Trustees on November 9, 2022. The budget complies with all legal and regulatory requirements and has been be filed with the Utah State Auditor’s office. This budget has been presented in this first section of this budget document for the benefit of those interested persons that do not require background information, analysis, and other information.

	Tentative Budget 2023	Current Year Estimated 2022	Adopted Budget 2022	Prior Period Actual 2021
Operating Revenues:				
Sewer Service Fees	\$ 3,966,000	\$ 3,437,664	\$ 3,405,000	\$ 3,212,221
Finance Charges & Other Income	17,000	20,522	16,000	11,302
Total Operating Revenues	3,983,000	3,458,186	3,421,000	3,223,523
Operating Expenses:				
Sewage Treatment Expenses	1,823,000	1,688,448	1,719,000	1,409,815
Salaries & Wages	1,096,000	1,012,013	1,009,000	962,907
Employee Benefits	737,000	703,246	684,000	516,366
Repairs & Maintenance	1,279,000	552,570	1,278,000	18,636
Depreciation	433,000	415,408	415,000	415,301
Office & Administrative	180,000	165,028	168,000	138,583
Insurance	57,000	53,183	57,000	48,196
Auto & Truck Expense	60,000	57,764	42,000	51,851
Legal & Accounting Services	41,000	22,170	40,000	15,146
Engineering	1,000	58,585	1,000	-
Election	25,000	-	-	-
Total Operating Expenses	5,732,000	4,728,416	5,413,000	3,576,801
Total Loss From Operations	(1,749,000)	(1,270,229)	(1,992,000)	(353,278)
Non-Operating Revenues & Expense				
Property Tax Revenue	1,462,000	1,455,000	1,455,000	1,427,362
Impact Fees	100,000	93,287	100,000	84,076
Other Non-Operating Revenue	59,000	133,604	104,000	21,813
Total Non-Operating Revenues & Expense	1,621,000	1,681,890	1,659,000	1,533,251
Net Income (Loss)	\$ (128,000)	\$ 411,661	\$ (333,000)	\$ 1,179,973

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

BUDGET MESSAGE

Board of Trustees

It is our privilege to present the Midvalley Improvement District (District) 2023 Proposed Budget. The purpose of this budget is to provide citizens and other interested parties with reliable and transparent financial information about the budget. This budget represents our best efforts to forecast revenues, expenditures, and costs of capital projects for the year 2023 and several subsequent years.

Through the process of planning and preparing the budget, the District is given the opportunity to assess its plans and goals for the coming and future years. The process also provides direction for management and staff. The 2023 budget is designed to meet the goals of the District's mission statement including the objective to provide the highest quality service in the most cost-efficient manner possible.

The primary responsibilities and operations of the District are to maintain the sewer collection lines from the customer's locations to the sewer treatment plant, and to pay the District's proportionate share of the sewer treatment plant operating costs. As we embark on our 66th year of operations, the District now has over 12,200 connections. For over a decade, the District has maintained a staff of just 9 employees. As the District has grown and added 1,000s of new connections, the same level of staff has been able to keep up with the demand without adding additional personnel costs, which is a cost savings for the District.

The District has developed and achieved specific long-term goals and strategies such as employing qualified and well-trained management and staff; properly maintaining the existing infrastructure through preventative maintenance; using available technology in an effort to operate all programs in the District at the highest level of effectiveness and efficiency; and having our general manager serve on the board of trustees of the sewer treatment plant to keep the District's treatment costs as low as possible.

During the preparation of this budget the District has addressed the following proprieties and issues that also include some short-term budgetary factors for the upcoming year:

- The District has determined that the Covid-19 pandemic's effect on the District has been minimal and is not anticipated to affect the District's operations, budgets, and cash flows.
- The District has budgeted for the following capital asset related projects:
 - The District has identified maintenance projects to replace certain sewer lines with costs estimated at \$898,000 in the next 5 years.
 - The District has identified certain sewer main lines that need to be replaced to increase capacity in the next 1 to 5 years with costs estimated at \$4,800,000.
 - The District's proportionate share of capital projects to update the treatment plant equipment and operations with estimated costs at \$2,460,000 in the next five years.
 - District has budgeted \$1,200,000 for the maintenance and rehabilitation of sewer pipes and manholes in 2023. This maintenance will include putting fiberglass lining in the sewer pipes and manholes to ensure their reliability and the structural integrity. This maintenance will also include replacing damaged portions of sewer lines, and rebuilding or replacing manholes.

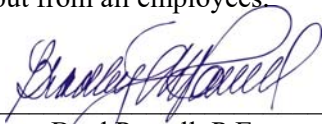
MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

BUDGET MESSAGE

- Due to the high demand for construction services and construction material shortages, the District has not been able to obtain contractor bids or complete collection line maintenance and manhole rehabilitation projects for the past two years. During 2022 and 2021, the District was only able to spend about \$520,000 of the budgeted \$1,200,000 on collection line projects. The majority of the unspent budget in the amount of \$600,000 will be rolled into the 2023 budget.
- The District is concerned over the level of inflation in the local area and the effects on the operating budget. In addition to general inflation levels, the District has experienced higher levels of construction related inflation as a result of demand for construction services, labor shortages, and supply chain issues.
- The District has observed that wages in the wastewater industry have increased due to operators retiring and a lack of interest in wastewater employment.
- During 2022, the District has paid \$583,560 for the District's proportional share of the treatment plant capital upgrades to comply with federal and state regulations.
- District has determined that fiscal sustainability is critical to keeping the customer sewer rates as low as possible in the long term. The District is very proud that the District has no debt and is actively managing the cash reserves to pay for future capital projects and unexpected contingencies.
- During 2022, the District hired an engineering firm to perform a sewer service fee rate study. As a result, the District adopted a five-year plan to raise customer service fees to fund ongoing pipe-lining and manhole rehabilitation maintenance, necessary capital projects, fund assessments from the sewer treatment plant for upgrades, and fund the financial reserves. In 2023, the sewer service fee will increase by 13.9% from \$24.50 to \$27.90 a month for an equivalent residential unit.

A more in-depth discussion of all the above proprieties and issues is provided in this budget document.

We would like to thank the Trustees for providing the vision, resources, encouragement, and support necessary to achieve the goals of the District. We would also like to extend our gratitude to the District employees who through their hard work and dedication have enabled the District to meet its goals and objectives for 2022. The preparation of this document would not have been possible without the support and input from all employees.

A handwritten signature in black ink, appearing to read "Brad Powell", written over a horizontal line.

Brad Powell, P.E.
General Manager

A handwritten signature in black ink, appearing to read "Brent Christensen", written over a horizontal line.

Brent Christensen, CPA
Chief Financial Officer

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

INTRODUCTION AND OVERVIEW

Overview of the District

History

The District was formed by Salt Lake County (the County) in 1947 under the laws of the State of Utah to construct and operate a sewage collection system in a portion of unincorporated Salt Lake County. Before that time, residents of the area were on septic tanks, cesspools, and sewage vaults. In 1948, Salt Lake County (the County) passed a law that requires all residential and commercial buildings within 200 feet of a public sewer line must connect to that sewer line. The new District was tasked with building a new sewer collections system within their boundaries. The County established the Salt Lake County Advisory Board of the District, consisting of local citizens and County commissioners to assist the County in planning and preparation for the sewage collection system. The oldest sewage lines identified were installed in 1953 by the County.

The District's first trustee meeting was held on December 31, 1954. The District started operations in January 1955 and used the Midvale City's offices and personnel to do the accounting, engineering, inspections, and use of their sewage treatment plant. In January 1955, the District accepted bids for the construction of the sewer system. In March 1955, The District sold sewer revenue bonds in the amount of \$675,000 and started construction on the major sewer lines, the majority of which are still used today. The District took over from the County a few existing sewer lines and the accounts of the residences and businesses that used those lines.

In March 1955 the District started accounting and financial operations and the District had a monthly service fee of \$3.50 and a .000375 property tax mill levy. In 2022, the monthly service fee is \$24.50 and a .000448 property tax mill levy. In 1955, the District collected \$8,019 in property tax revenues and in 2023 the District is budgeted to collect \$1,462,000. In 1955, sewage treatment costs were \$1,700 and in 2023 those costs are budgeted to be \$1,823,000. The first audit was for the period of March 1, 1955 to March 31, 1957.

The Board of Salt Lake County Commissioners of Salt Lake County acted as the governing authority of the District until the Salt Lake County Commissioners appointed three trustees that lived within the boundaries of the District in April 1958. Those three appointed trustees were members of the Salt Lake County Advisory Board of the District, all of whom had served for at least three years on that advisory board.

A remarkable local family legacy of service to the District is the first Chairman of the Board of Trustees was J. Albert Smith, who also served for at least 3 years on the County Advisory Board of the District. In 1958 he was appointed by the County to the Board of Trustees (Board) and he served for 18 years from April 1958 to July 1976. His son J. Draney Smith was elected and served for 13 years on the Board from July 1976 to August 1989. Sondra Smith, the wife of J. Draney Smith, was elected in November 2016 and is the chair of the Board. Sondra Smith was also the Finance Officer of the District for 28 years. Since the District began operations in 1955, a Smith family member has either served on the Board or been in management for 66 of the District's 68 years (97%).

An interesting observation is that in a Board meeting on January 10, 1955 the minutes read, "... gave a report of problems of financing a District as large as this District with the sparse population therein". In 2022, the District is now approximately 98% built-out and has paid off all their bonds and debt.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

INTRODUCTION AND OVERVIEW

The District's boundaries include portions of Midvale City, Sandy City, Murray City, Cottonwood Heights, and unincorporated areas of Salt Lake County.

The original wastewater flows from the District were treated by Midvale City's treatment plant for many years. In 1978, the District entered into an interlocal cooperative agreement with two other sewer districts and two cities to form South Valley Water Reclamation Facility (the Facility), which constructed and now maintains a regional sewage and wastewater treatment plant. In 2004, the Facility became a separate legal entity and the District went from being an owner to owning sewage treatment capacity rights in the Facility.

The Entity

The District is not a component unit of any other government nor does the District have any component units.

Governance

The District is a separate legal entity and governed by a three-member Board of Trustees. The Board of Trustees is elected by the public and has decision making authority, the authority to levy taxes, to approve and amend the operating budget, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

South Valley Water Reclamation Facility (Treatment Plant)

The District has sewer treatment capacity rights in the South Valley Water Reclamation Facility (SVWRF) treatment plant. These capacity rights consist of the right to have up to 3.07 million gallons a day (MGD) of the District's wastewater flow into the treatment plant. These capacity rights represent 7.68% of the capacity of the treatment plant.

SVWRF is administered by a five-member board consisting of one board member from each of the five participating governmental entities. Each board member has an equal vote regardless of the capacity rights owned. This Board is responsible for adopting a budget and provides the financing for Facility operations.

The District is billed monthly for their proportional share of the operating costs of SVWRF's treatment plant. This expense is the District's largest expense and is shown in the District's budgeting information and the financial statements on the *Statement of Revenues, Expenses, and Changes in Net Position* under the caption Sewage Treatment Expenses.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

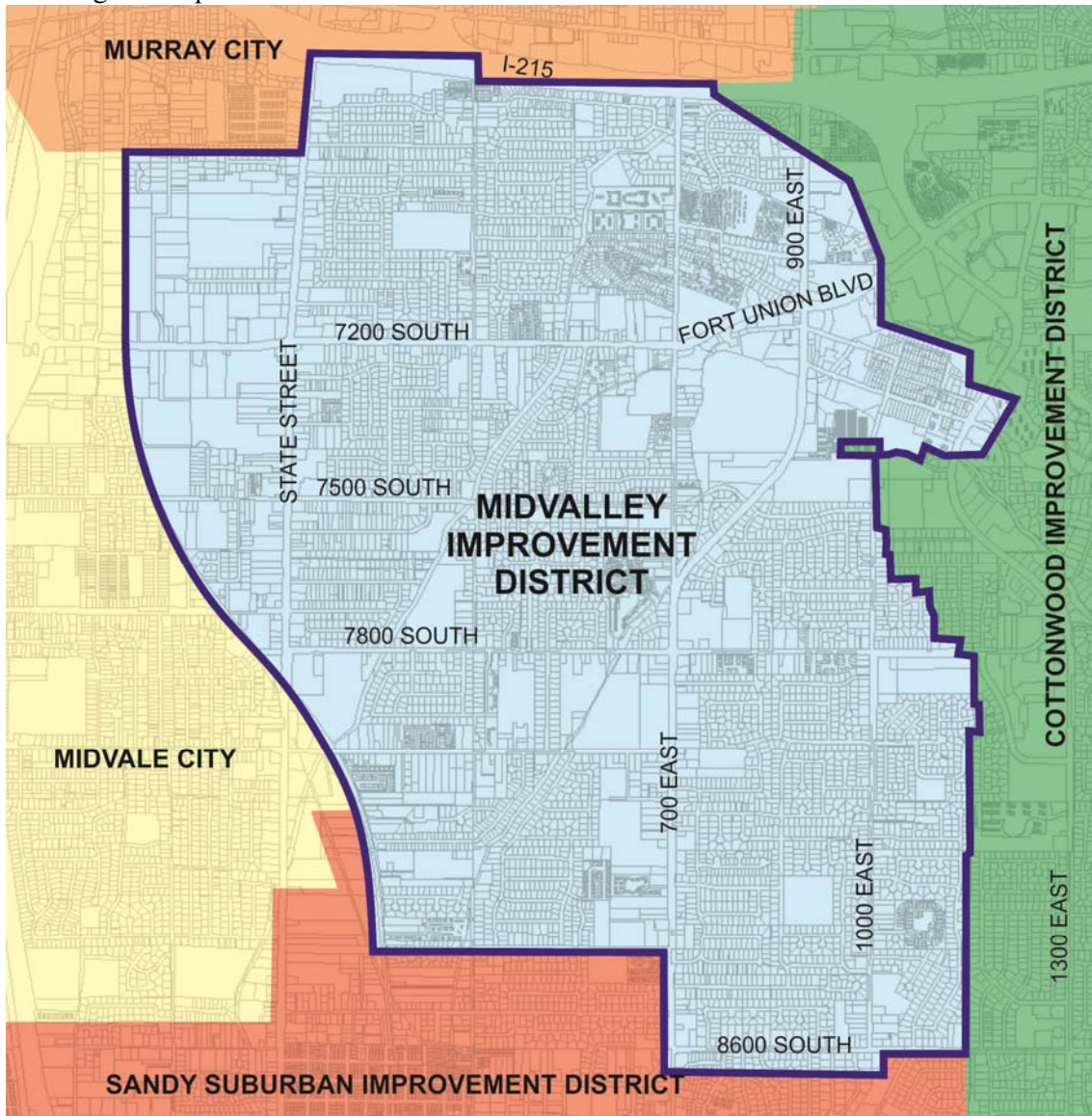
INTRODUCTION AND OVERVIEW

Location of the District

The District is located in the Salt Lake Count area. The District’s sewer system service area is approximately 2,601 acres or 4 square miles. The District’s sewer collection service area, as shown below, includes portions of:

- Midvale City (65% of service area),
- Sandy City (33% of service area),
- Murray City (2% percent of service area).
- Cottonwood Heights City (less than 1%)
- Unincorporated portions of Salt Lake County (less than 1%)

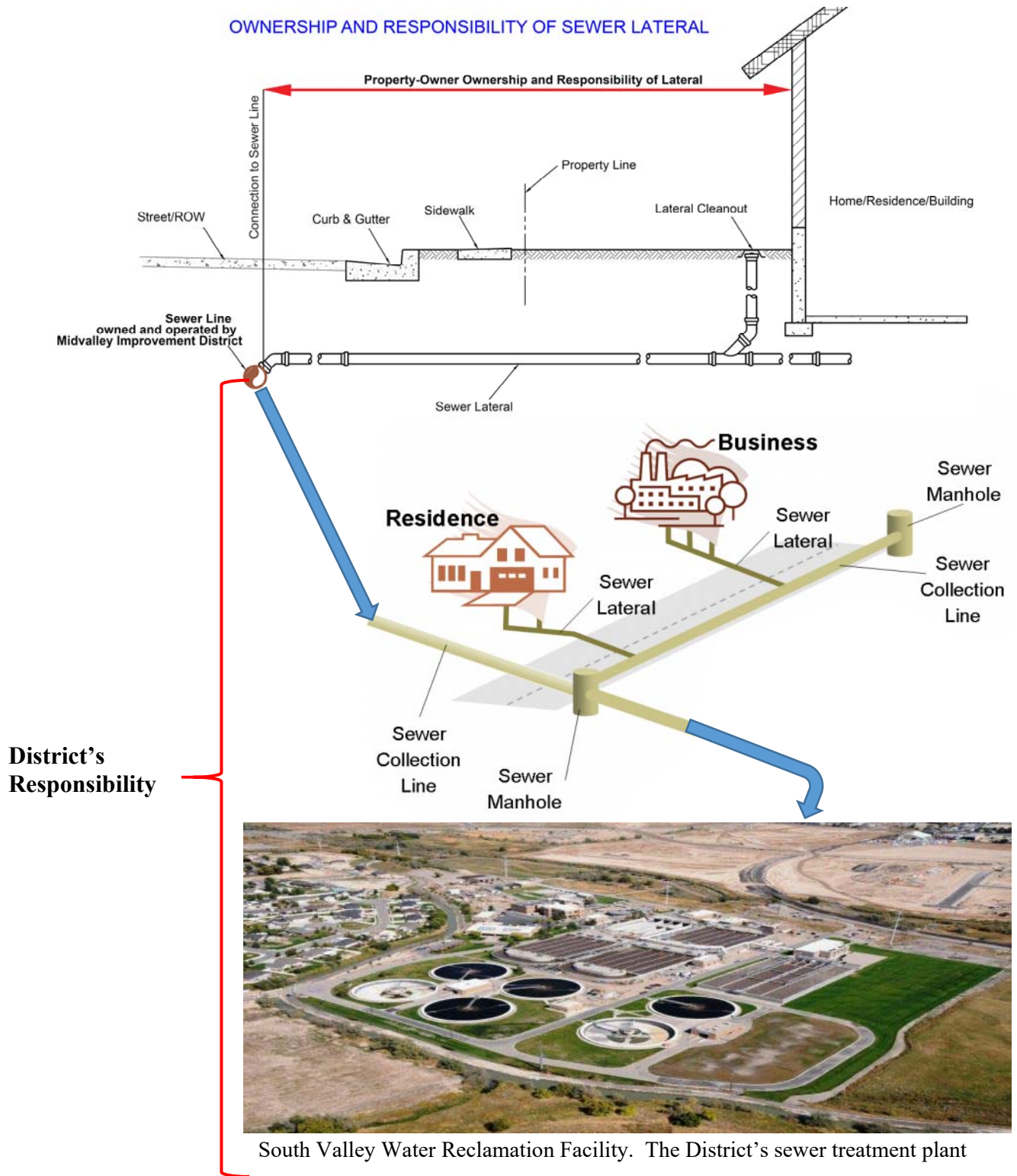
The following is a map of the boundaries of the District:



MIDVALLEY IMPROVEMENT DISTRICT
2023 OPERATING BUDGET

INTRODUCTION AND OVERVIEW

Overview of District's Responsibility for Wastewater Collections



MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

INTRODUCTION AND OVERVIEW

Strategic Goals and Strategies

Mission Statement

It is the mission of Midvalley Improvement District (the District) to provide the highest quality sanitary sewer service in the most cost-efficient manner possible for our customers.

Long-Term Strategies

To accomplish the District's mission, the District has the following specific long-term strategies:

- Employ qualified and well-trained management and staff with a low percentage of turn-over.
- Maintain the existing infrastructure of the District through preventative maintenance and timely replacement of outdated equipment and collection system components.
- Employ available technology in an effort to operate all programs in the District at the highest level of effectiveness and efficiency.
- Maintain rates and fees at the lowest level possible for customers while generating necessary funds to maintain a high level of service and adequately fund appropriate reserves.
- Represent the District's interest at the SVWRF treatment plant to keep sewage treatment costs as low as possible.

Long-Term Fiscal Sustainability

To accomplish the District's mission statement and the aforementioned long-term strategies, the District has determined that fiscal sustainability is critical. To see how the District plans for long-term fiscal sustainability, see the Financial Summaries area, of this budget document, and subsections Cash and Investment Reserves, Long-Range Financial Plans, and Five Year Forecast – Statement of Revenues, Expenses and Changes in Net Position.

Budget Philosophy

Several principles combine to form the District's philosophy related to payment for the services provided by the District:

- Customer sewer service rates are based on the cost of the service plus an additional amount determined to replenish the District's reserves used for capital projects.
- Operating costs are funded on a "pay-as-you-go" basis. Annual costs for operating the District's facilities are recovered from customers through the payment of sewer service fees and property taxes. The District does not use debt to pay for current operating costs.
- Capital projects and SVWRF (treatment plant) assessments are funded with the District's reserves. A portion of the sewer service rate is anticipated to replenish the reserve after the funds are used.

Controlling Costs of Sewer Service

The District has determined that controlling costs is paramount and allows the District to better maintain adequate, affordable and stable rates. Adequate rates, in turn, provide for the timely maintenance of infrastructure and the satisfaction of mandated regulatory and operating requirements.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

INTRODUCTION AND OVERVIEW

Short-Term Factors Influencing the Budgetary Decisions

The District considered many short-term factors in developing and adopting the operating budget for the 2023. The significant short-term factors considered were:

Increase in Sewer Treatment Plant Expense

The District's largest expense is the fees for treatment of the waste water that flows into SVWRF treatment plant. The District is billed monthly for their proportional share of the operating costs of SVWRF's treatment plant. These costs have increased every year for the last 10 years. The District anticipates that treatment plant costs will continue to increase in the short-term. It should be noted that the District's general manager is one of five board members at the treatment plant and works to keep the treatment fees as low as possible.

Treatment Plant Capital Projects Assessment

SVWRF has and will continue to assess the District their proportionate share of capital projects to update the treatment plant equipment and operations to comply with upcoming regulatory requirements such as advanced grit removal, reducing the amount of phosphorous in the plant's biological solids, and other required capital improvements. The District anticipates that an additional amount of approximately \$2,460,000 will be required for the years 2023 through 2027.

Age of the System

The District is monitoring the condition of its waste water collection system. There are many sections of the system that are over 50 to 70 years old. The District is currently using a cost-effective method of lining many of the aging pipes. This lining is trenchless sewer line replacement process whereby the older or damaged sewer lines are lined with a fiberglass reinforced plastic liner that essentially creates new pipe within the old one. Lining costs are much lower than the traditional replacement costs of digging up the old or damaged pipes and replacing them with new ones.

The District has budgeted \$600,000 annually for the maintenance and rehabilitation of sewer pipes and manholes. Due to the high demand for construction services and construction material shortages, the District has not been able to obtain contractor bids or complete collection line maintenance and manhole rehabilitation projects for the past two years. During 2022 and 2021, the District was only able to spend about \$520,000 of the budgeted \$1,200,000 on collection line projects. The majority of the unspent budget in the amount of \$600,000 will be rolled into the 2023 budget.

Necessary Capital Improvements and Equipment

The District has identified certain sewer main lines that need to be replaced to increase capacity in the next 1 to 5 years with costs estimated at \$4,800,000. The District has identified maintenance projects to replace certain sewer lines with costs estimated at \$898,000. The District has also determined that one of the jet trucks will need to be replaced in 2023 with estimated net costs (cost of replacement less any proceeds from the sale of the old vehicle) of about \$250,000.

Operating Costs and Inflation

The District is concerned over the level of inflation in the local area and the effects on the operating budget. In addition to general inflation levels, the District has experienced higher levels of construction costs inflation as a result of demand for construction services, labor shortages, and supply chain issues.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

INTRODUCTION AND OVERVIEW

The District has observed that wages in the wastewater industry have increased due to operators retiring and a lack of interest in wastewater employment.

The District anticipates that operating costs (excluding treatment plant fees that are set by another governmental entity) will increase due to the effects of inflation.

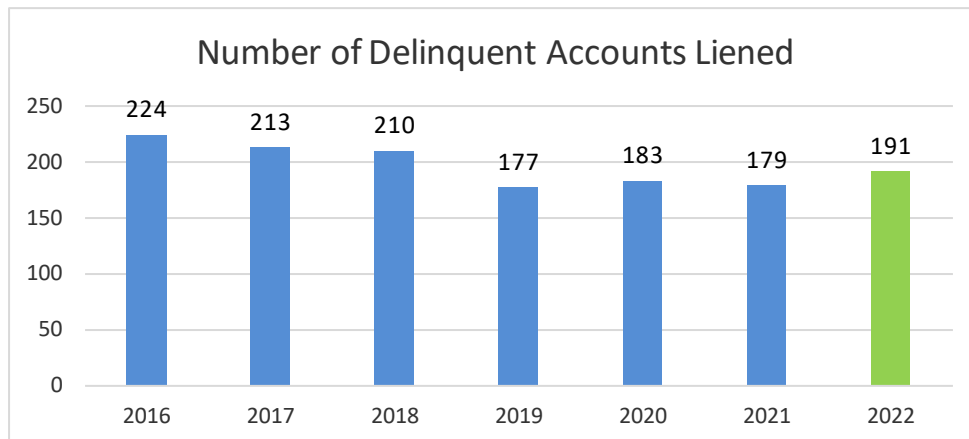
Economy

With the exception of inflation, the District does not anticipate the economy will affect the operations of the District in the next year. The District has observed that Utah has one of the strongest economies in United States

Impact of the Covid-19 Pandemic

The District does not anticipate the ongoing Covid-19 pandemic will materially affect the short-term budget, operations, or cash flows of the District. The pandemic has not negatively financially impacted the state compared to other parts of the country. Utah has one the lowest unemployment rates in the nation.

The District has observed that the collection rates of sewer fees from customers has not changed from prior years. It appears that most of the customers view paying their sewer utility bill as a proprietary. For customer accounts that are deemed to be delinquent, the customers know that the District will file a property tax lien with the county. The number of delinquent account tax liens filed in September 2022 were up 6.7% from the prior year.



The ongoing pandemic did not change the operations of the District in the past two years as the sewer pipes still were cleaned and maintained and the sewage treatment plant continued to operate. The District also observed that the ongoing pandemic has not changed the major residential and commercial construction projects within the District.

Service Level Changes

The District does not anticipate there will be any service level changes in the next year.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

INTRODUCTION AND OVERVIEW

Priorities and Issues

The District has identified the following priorities and issues that will have a significant affect the District's budget in the near term.

- For the past several years, the District has been mapping the sewer collection system using a geographic information system (GIS) software that will be able to provide the District with age, building materials, and condition of the different parts of the sewer system. With the GIS mapping, the District can already determine the priority of what pipes should be lined and the overall condition of the system.

As a result, the District budgets \$600,000 a year for sewer pipe lining and manhole rehabilitation projects. Due to the high demand for construction services and construction material shortages, the District has not been able to obtain contractor bids or complete collection line maintenance and manhole rehabilitation projects for the past two years. During 2022 and 2021, the District was only able to spend about \$520,000 of the budgeted \$1,200,000 on collection line projects. The majority of the unspent budget in the amount of \$600,000 will be rolled into the 2023 budget.

- Determine the impact of increases of the District's share of the treatment plant operating costs. The District's General Manager is on the Board of Trustees for the treatment plant and is actively involved in the budgeting and planning of the required upgrades of the plant.
- Determine the effects that inflation will have on the operating costs of the District. At the time of this budget, inflation had been about 8-9%.
- Forecasting the District's cash reserves requirements for the impact of prior and future capital projects within the District and also the costs of updating the treatment plant to comply with regulatory authorities. The District has determined that the customer service fees will need to be increased in 2023 to replenish the reserves for capital projects in the next several years.

The District did not have any changes in significant priorities and issues from the prior year.

Collection of Operating Service Fee Revenues – A Non-Issue

The District receives about 69% of the revenues from Sewer Service Fees, about 28% of revenues from Property Taxes, and about 3% from impact fees, engineering fees, and investment earnings. All delinquent Sewer Service Fees (including late fees and finance charges) are certified to Salt Lake County and attached as property tax liens on the related customer's real estate. Property taxes are collected by Salt Lake County and unpaid property taxes are attached as property tax liens. Impact Fees and other fees are collected before the any construction projects can begin.

These revenues, representing 99% of all revenues are collected in a timely manner and have not been affected by the economic environment, macro-economic conditions, economic cycles, and weather conditions in the area. The District has observed this to be true during prior economic down turns and pandemics in Utah. Additionally, it should be noted that the vast majority of all other revenues are related to earnings on investments and impact fees.

**MIDVALLEY IMPROVEMENT DISTRICT
2023 OPERATING BUDGET**

INTRODUCTION AND OVERVIEW

Budget Overview

The following is a condensed presentation of significant budgetary items and prior years' information to show trends.

	Proposed Budget 2023	Adopted Budget 2022	Actual 2021	Actual 2020	Actual 2019
Operating Revenues:					
Sewer Service Fees	\$ 3,966,000	\$ 3,405,000	\$ 3,212,221	\$ 3,017,845	\$ 2,513,847
Finance Charges & Other Income	17,000	16,000	11,302	15,734	13,038
Total Operating Revenues	3,983,000	3,421,000	3,223,523	3,033,579	2,526,885
Operating Expenses:					
Sewage Treatment Expenses	1,823,000	1,719,000	1,409,815	1,388,720	1,296,439
General Operating Expenses:	3,909,000	3,694,000	2,166,986	3,018,011	2,257,103
Total Operating Expenses	5,732,000	5,413,000	3,576,801	4,406,731	3,553,542
Total Loss From Operations	(1,749,000)	(1,992,000)	(353,278)	(1,373,152)	(1,026,657)
Non-Operating Revenues & Expense					
Property Tax Revenue	1,462,000	1,455,000	1,427,362	1,409,879	1,434,434
Impact Fees	100,000	100,000	84,076	342,879	81,857
Other Non-Operating Revenue	59,000	104,000	21,813	206,364	387,884
Total Non-Operating Revenue & Expense	1,621,000	1,659,000	1,533,251	1,959,122	1,904,175
Net Income (Loss)	\$ (128,000)	\$ (333,000)	\$ 1,179,973	\$ 585,970	\$ 877,518

Major budgetary highlights for the upcoming year include:

Sewer Service Fees – The District will be increasing sewer service fees from \$24.50 to \$27.90 starting with the January 2023 billing cycle. The increase in sewer service fees is necessary to pay for capital improvements and system maintenance and rehabilitation projects in the next five years and to replenish the financial reserves. In 2022, the District has hired an outside engineering to provide a Sewer Master Plan and Sewer Rate Study to recommend sewer service fees and impact fees.

Property Tax Revenue – the District expects the property tax revenue to increase slightly as the District is approximately 98% built-out. The District has determined that the tax rate is appropriate at the current time and does not need to be adjusted.

Impact Fees – the District expects impact fee revenue to be about the same as the prior year as the District is 98% built-out. The District will be raising the impact fees in 2023 from \$1,695 to \$2,226.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

INTRODUCTION AND OVERVIEW

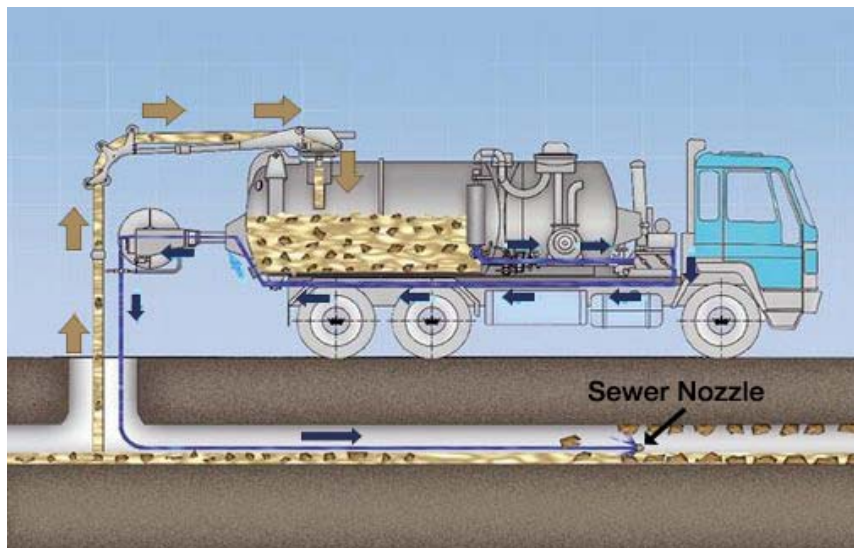
Sewage Treatment Expenses & Assessments – these amounts are the fees for the treatment of the wastewater that flows into treatment plant. The District is billed monthly for their proportional share of the operating costs. The District will budget the amount of anticipated treatment fees from the budget of the treatment plant. In addition, from time to time, the treatment plant has required the District to pay cash advances for capital projects, as is shown in the Capital and Debt area under the Capital Related Costs subsection. The District has and will continue to account for these cash advance payments as prepaid sewage treatment fees until the capital project is completed, and will then amortize the prepaid amounts over the expected life of the treatment plant project.

General Operating Expenses – the District anticipates that the overall general operating expenses of the District will increase due to inflation in the local economy. Included in the general operating expenses are the budget amounts for the repair and maintenance of the sewer lines and manholes. The budget is currently \$600,000 a year for sewer pipe lining and manhole rehabilitation and replacement projects. Unspent budgeted amounts from 2022 and 2021 in the amount of \$600,000 will be rolled into the 2023 budget.

Other Non-Operating Revenue – consists primarily of investment earnings from the District's reserves and operating cash held in investment accounts and other small amounts that may be received. The investment income is expected to decrease as interest rates have decreased from the prior year and the investment balance has decreased due to spending on capital projects.

Net Income – the District has budgeted for a positive cash flow to meet the anticipated needs of the District in the next five years and replenish the District's cash reserves to pay for future treatment plant upgrade assessments, capital projects and equipment. As a result, the District is budgeted to show a total Net Income over the five years projected.

The District has budgeted for several non-cash expenses that will provide more cash than the budgeted net income. The 2023 large budgeted non-cash expenses are depreciation expense for \$433,000 and amortization of pre-paid sewer service fees (paid to the treatment plant) of \$180,000.



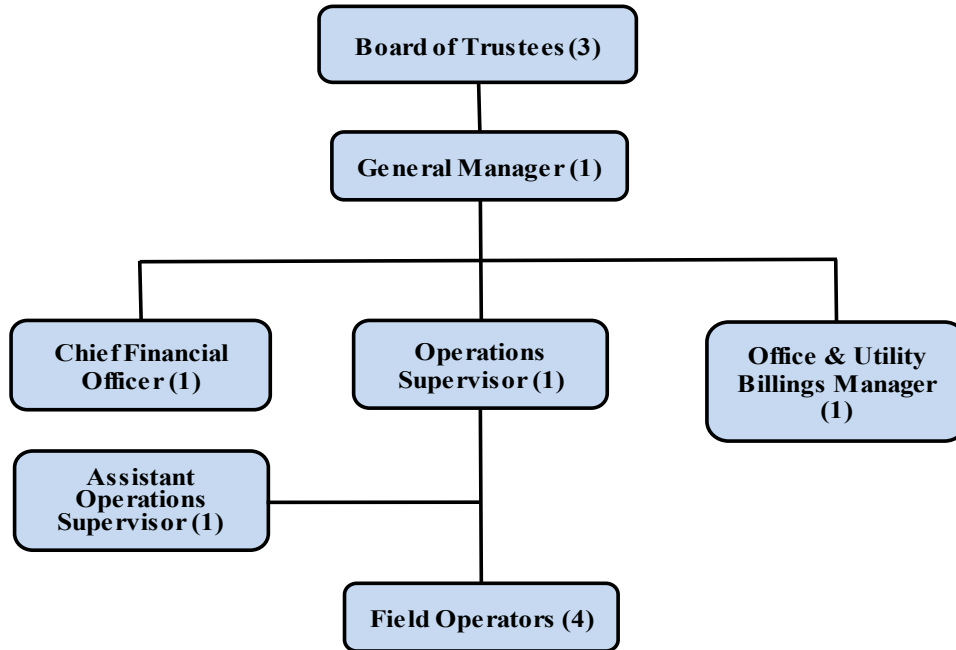
Jet Truck Cleaning Process: a high-pressure water hose and nozzle are used to clean the sewer pipes and the truck's vacuum removes water and debris from the manhole.

**MIDVALLEY IMPROVEMENT DISTRICT
2023 OPERATING BUDGET**

FINANCIAL STRUCTURE, POLICY AND PROCESS

Organization Chart

The following is an organization chart of the District and the number of employees in each position:



Fund Description and Fund Structure

The District prepares its budget on a single enterprise fund basis. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private businesses, where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges, or where it has been deemed that periodic determination of net income is appropriate for capital maintenance, cash reserves, management control, accountability, or other purposes.

Departmental/Fund Relationship

Due to the size of the District, the District does not account for financial resources by department. The District has only one single enterprise fund and one economic department.

Basis of Budgeting

The District's budget is presented on the accrual basis of accounting. Revenues from operations, investments, and other sources are recorded when earned and expenses are recorded when liabilities are incurred. Non-exchange transactions, in which the District receives value without directly giving value in return, includes property tax revenue and contributed sewer lines. The District does not budget for contributed sewer lines.

Budget Format

The District's budget is formatted to match the *Statement of Revenues, Expenses, and Changes in Net Position* in the District's annually audited financial statements.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

FINANCIAL STRUCTURE, POLICY AND PROCESS

Financial Policies

The District's has established financial policies, principles, and practices that have enabled the District to obtain financial stability and to assist the District in accomplishing the District's mission statement to provide the highest quality sanitary sewer service in the most cost-efficient manner possible for our customers.

These policies, principles and practices are an integral part of the budgeting planning process to accomplish the financial and operating goals of the District, not only for the next year but also for long-term service objectives.

These policies are reviewed annually to ensure that they are effective, relevant, and cost-effective. The following are the major components that make up the core of the District's financial policies used in our budgeting planning:

Accounting Policies - The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. Budgeting and financial reporting is based upon accounting guidance codified by GASB.

Revenues & Expenses – The District has one enterprise fund that distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with the District's principal ongoing operations.

The principal operating revenues of the District are charges to customers for sewer service. Operating expenses for the District include the cost of sewage treatment, personnel, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District follows the aforementioned principles in the preparation of the annual operating budget.

Balanced Budget - The District prepares its budget on a single enterprise fund basis, which is a type of proprietary fund. As such, the District is not required to prepare a balanced budget, nor would this type of budget work for the District. The District's budget is created to show our customers where our revenues come from, where the funds are expensed, and the financial health of the District.

Restricted Resources - When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

FINANCIAL STRUCTURE, POLICY AND PROCESS

Establishing Sewer Rate Fees – The District annually reviews the sewer rate fees to ensure they are providing funds for both the short-term but also long-term needs.

The following are the primary areas considered for establishing sewer rate fees:

- *Service Cost Recovery* – the direct and indirect costs of providing sewer service.
- *Working Capital* – this is the cash that will be required for the operations during the next year, as well as, amounts for emergency purchases.
- *Reserve Amounts* – the reserve amounts are used to meet the anticipated needs of the District in the next five years for capital projects, equipment, and for cash advances to SVWRF for sewer treatment plant capital upgrade assessments, as well as, any future unforeseen needs that may arise.

As these reserve funds are longer term in nature, the District has invested these funds in longer term and higher earning yielding securities. To ensure the safety of these investments, the District’s investment policy is to follow the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State Money Management Council.

Capital Assets - Capital assets include land, construction in process, buildings and improvements, sewer collection system, equipment, and vehicles. Capital assets are defined by the District with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. The District records capital assets additions at cost when purchased or constructed. Normal maintenance and repairs, which do not increase the capacity or efficiency of the asset or increase its estimated useful life, are charged to expense as incurred. The District’s policy is to continually assess the condition of all capital assets used in the operations of operating and maintaining the sewer collection system to ensure there is not a disruption of service.

Contributed Sewer Collection Lines - The District receives capital contributions in the form of sewer collection lines which are constructed by developers and conveyed to the District. The District requires developers to design and install, at the developer’s expense, sewer collection lines for each new subdivision or area. The design and installation of the lines are reviewed and approved by the District’s engineer. The sewer collection lines are recorded at the estimated fair value, provided by the District’s engineer, as of the date the lines are completed and accepted.

Debt Management - The District has a “pay-as-you-go” policy to fund all future capital infrastructure and equipment, as well as, funds required to pay cash advances to the SVWRF treatment plant for the District’s proportionate share of capital projects.

Risk Management - The District is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District has commercial insurance. The District also carries commercial workers’ compensation insurance. There were no significant reductions in coverage from the prior year. The District also has all employees receive training, at least yearly, to minimize any harmful risks related to their positions.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

FINANCIAL STRUCTURE, POLICY AND PROCESS

Budget Process

This section describes the process for preparing, reviewing and adopting the annual operating budget (the budget) for the next calendar year. It also includes procedures for amending the budget after adoption.

The assignment for the development of the preliminary budget has been assigned to the Chief Financial Officer (CFO) with assistance from the General Manager and the Utility Billings Manager. The combination of these three management members is considered the management team.

The Following is the District's budget calendar and the budget processes:

June 8, 2022

The Board meets to adopt the certified tax rate from information provided by Salt Lake County. Any changes in anticipated tax review will be considered in the budgeting process.

August 1, 2022

The yearly budget process starts with an initial development of short-term strategies for the upcoming year by the management team.

September 19, 2022

The CFO prepares a draft of the preliminary tentative budget based on current projections, capital equipment needs, and cash flow requirements. The CFO also ensures that the preliminary budget is consistent with the Board of Trustee's (the Board) strategic goals and strategies, as well as, the District's mission statement.

October 3, 2022

The preliminary tentative budget is communicated to the Board members for them to study and review before the regularly scheduled October board meeting. Any questions or comments are communicated to the management team. The CFO will make any recommended changes to the preliminary budget and then communicate the revised budget again to all Board members.

October 12, 2022

At the October Board meeting, the CFO will present the tentative budget for the Board to approve as the tentative budget. After the proposed budget is approved, the District will make the proposed budget available for public inspection for a period of at least 7 days prior to the adoption of the final budget at the November Board meeting.

November 9, 2022

The District will hold a public hearing on the proposed budget. If there are no changes to the tentative budget, the Board will adopt the final budget by Board resolution. The District will also send a copy of the approved budget to the Utah State Auditor within 30 days after adoption.

The District may amend their adopted budget at any time until the last day of the year for which the budget was adopted. As the District is operated as an enterprise fund, the District can modify or amended their budget without a public hearing during any regularly scheduled board meeting or a special meeting called for that purpose.

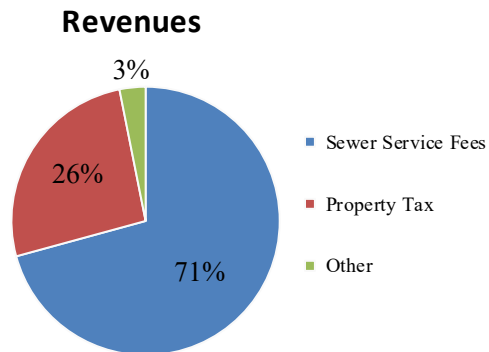
MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

FINANCIAL SUMMARIES

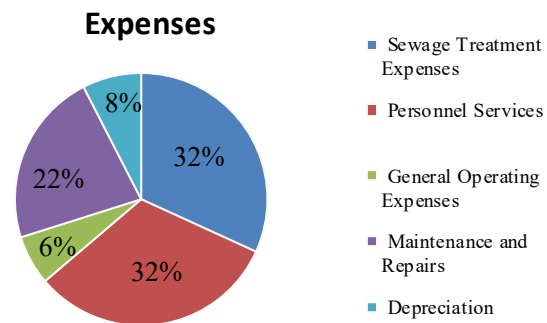
Financial Summary of Major Revenues and Expenses

The following schedules and charts show the major revenues and major expenses that are budgeted for the District for calendar year 2022.

	Proposed Budget 2023
Revenues:	
Sewer Service Fees	\$ 3,966,000
Property Tax	1,462,000
Other	176,000
Total Revenues	5,604,000



Expenses:	
Sewage Treatment Expenses	1,823,000
Personnel Services	1,833,000
General Operating Expenses	364,000
Maintenance and Repairs	1,279,000
Depreciation	433,000
Total Expenses	5,732,000
Net Income (Loss)	\$ (128,000)



As the capital costs are paid from the cash reserves, the District includes depreciation expense to provide an indication if funds from prior capital costs are being recovered, as depreciation expense is a non-cash expense. Included in the Sewer Treatment Expenses is \$181,000 of amortization of the pre-paid sewer treatment fees that is a non-cash expense.

The Total Income (Loss) from Operations plus the previously noted non-cash expenses provides an indication of whether cash reserves are being recovered. The District does not budget for contributed sewer lines as they do not represent spendable resources received.

**MIDVALLEY IMPROVEMENT DISTRICT
2023 OPERATING BUDGET**

FINANCIAL SUMMARIES

Four Year Financial Schedule

The following schedule shows the budget with comparisons to the estimated current year amounts, the budget for the prior year, and the actual results for the two prior years.

	Budget 2023	Current Year Estimated 2022	Adopted Budget 2022	Actual 2021	Actual 2020
Operating Revenues:					
Sewer Service Fees	\$ 3,966,000	\$ 3,437,664	\$ 3,405,000	\$ 3,212,221	\$ 3,017,845
Finance Charges & Other Income	17,000	20,522	16,000	11,302	15,734
Total Operating Revenues	3,983,000	3,458,186	3,421,000	3,223,523	3,033,579
Operating Expenses:					
Sewage Treatment Expenses	1,823,000	1,688,448	1,719,000	1,409,815	1,388,720
Salaries & Wages	1,096,000	1,012,013	1,009,000	962,907	922,465
Employee Benefits	737,000	703,246	684,000	516,366	603,297
Depreciation	433,000	415,408	415,000	415,301	342,974
Repairs & Maintenance	1,279,000	552,570	1,278,000	18,636	922,488
Office Expense	180,000	165,028	168,000	138,583	116,420
Insurance	57,000	53,183	57,000	48,196	48,296
Auto & Truck Expense	60,000	57,764	42,000	51,851	26,714
Legal & Accounting Services	41,000	22,170	40,000	15,146	35,357
Engineering	1,000	58,585	1,000	-	-
Election	25,000	-	-	-	-
Total Operating Expenses	5,732,000	4,728,416	5,413,000	3,576,801	4,406,731
Total Loss From Operations	(1,749,000)	(1,270,229)	(1,992,000)	(353,278)	(1,373,152)
Non-Operating Revenues & Expense					
Property Tax Revenue	1,462,000	1,455,000	1,455,000	1,427,362	1,409,879
Impact Fees	100,000	93,287	100,000	84,076	342,879
Other Non-Operating Revenue:	59,000	133,604	104,000	21,813	206,364
Total Non-Operating Revenues & Expense	1,621,000	1,681,890	1,659,000	1,533,251	1,959,122
Net Income (Loss)	(128,000)	411,661	(333,000)	1,179,973	585,970
Contributed Capital - Lines	-	-	-	122,399	-
Change in Net Position	(128,000)	411,661	(333,000)	1,302,372	585,970
Total Net Position, Beg of Year	24,041,775	23,630,114	23,630,114	22,327,742	21,741,772
Total Net Position, End of Year	\$ 23,913,775	\$ 24,041,775	\$ 23,297,114	\$ 23,630,114	\$ 22,327,742

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

FINANCIAL SUMMARIES

Net Position or Fund Equity

The District prepares its financial statements and budget on a single enterprise fund basis, which is a type of proprietary fund. The above schedule shows the actual, estimated, and budgeted amounts of the total Net Position of the District.

Net Position reflects the District’s equity, or the assets minus the liabilities. The District’s budgetary information shown in the above schedule is formatted the same as the *Statement of Revenues, Expenses and Changes in Net Position* shown in the annual audited financial statements.

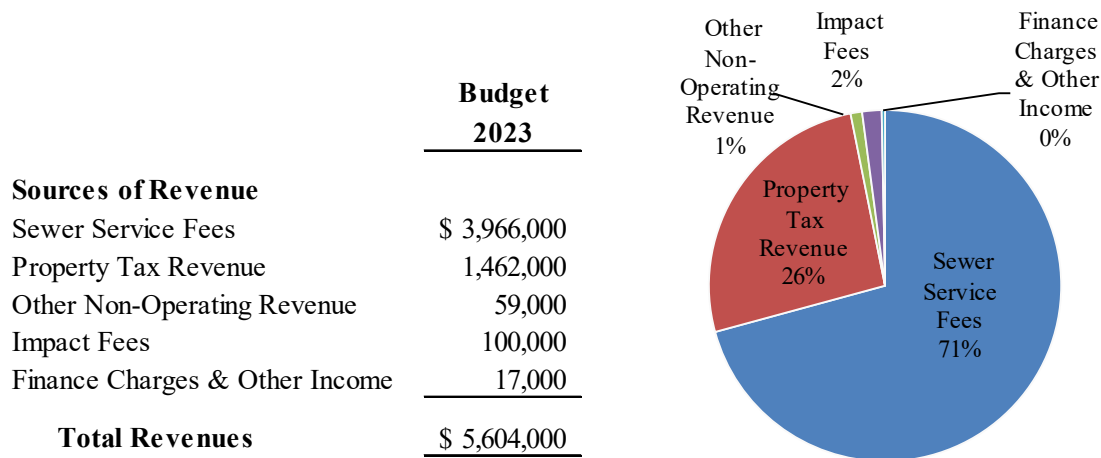
The above schedule shows the District’s Change in Net Position for the time periods presented, which increases or decreases the District’s overall Net Position. The District does not budget for contributed sewer lines as they do not represent spendable resources received.

The District has budgeted for an increase in net income, which after adding the non-cash depreciation expense and the amortization of the pre-paid sewer treatment fees, should provide a positive cash flow that will be used to increase the District’s reserves for capital projects and equipment. The District’s Net Position or fund equity reflects amounts that are not necessarily available for expenses.

The District does not have a statutory limitation on the amount of Net Position they may accumulate.

Major Sources of Revenues

The District has the following major revenues sources:



Sewer Service Fees – These are the fees that are charged to the residents and other entities within the District’s boundaries for sewer services. The District will raise the Sewer Service Fees in 2023 to provide the funds needed to pay for capital projects and rehabilitation projects in the next five years.

No Property Tax Increase in 16 Years – The District has not raised its property tax rate since implementing the property taxes in 2007.

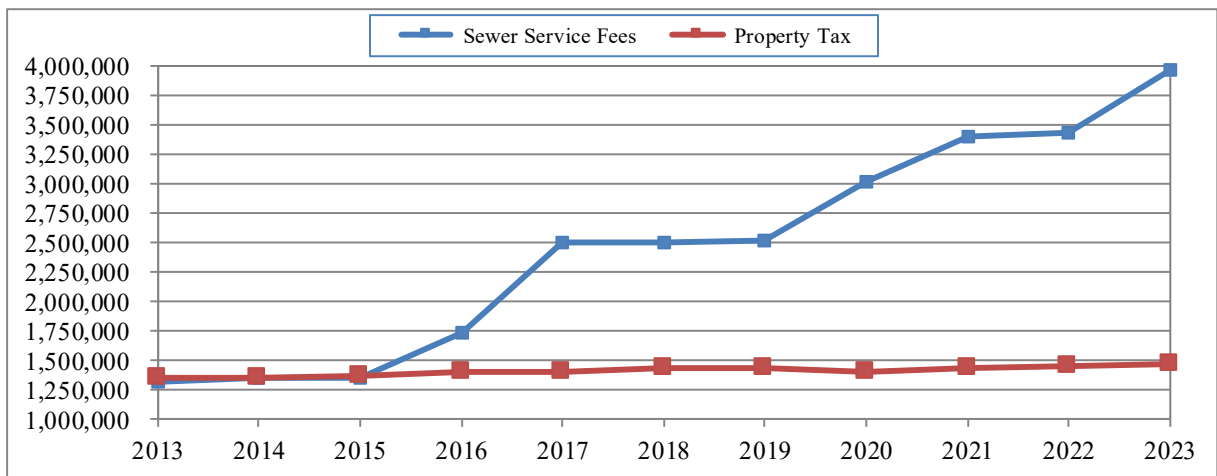
MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

FINANCIAL SUMMARIES

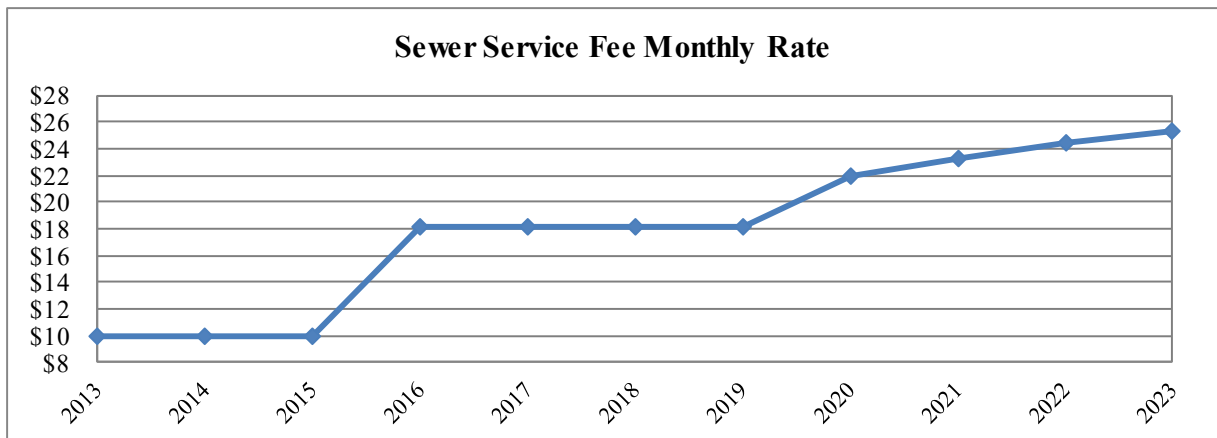
Property Tax Revenue – Utah law prescribes how property taxes are levied and collected. In June of each year, the Board of Trustees sets the certified tax rate. The certified tax rate is the rate which will provide the same amount of property tax revenue as was charged in the previous year, excluding the revenue generated by new growth. All property taxes levied by the District are assessed and collected by Salt Lake County. Taxes are attached as an enforceable lien as of January 1, are levied as of October 1, and are due November 30. The District’s certified tax rate in Salt Lake County for 2021 was 0.000448, all of which was used for operations and maintenance.

The District expects the property tax revenue to increase slightly as the District is approximately 98% built-out and does not anticipate significant new growth. The District has determined that the tax rate is appropriate for the current budget and for the near-term budget planning purposes.

11 Year Revenue History - The following graph shows 11 years of Sewer Service Fees and Property Tax revenues (2013 to 2021 actual, 2022 estimated, and 2023 budgeted revenues).



Customer Sewer Service Fees - The following graph shows 11 years of monthly service fee rates.



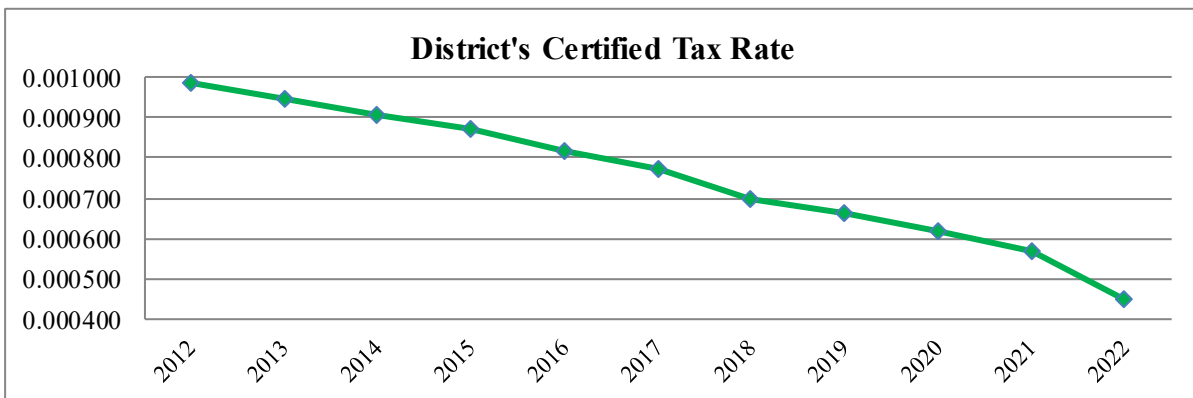
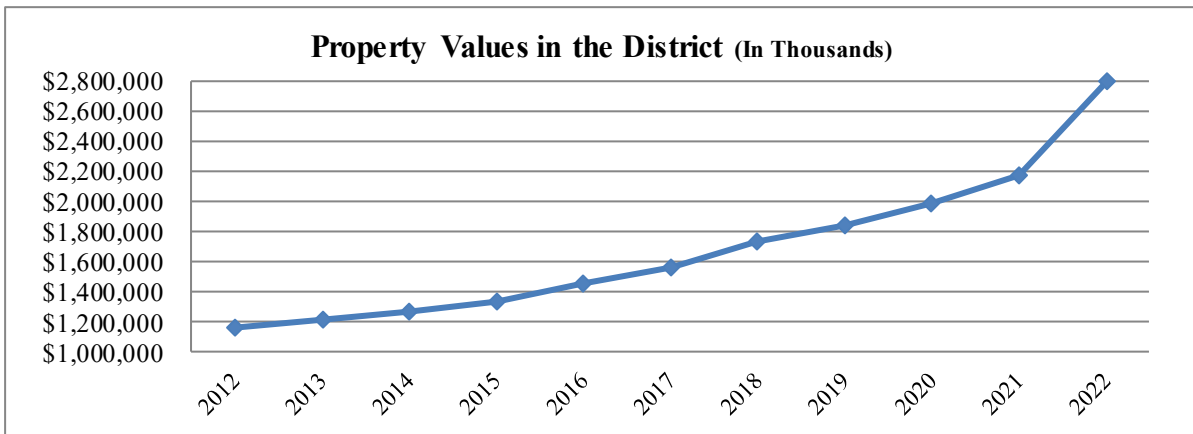
MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

FINANCIAL SUMMARIES

Certified Tax Rates - Utah State law prohibits the District from receiving a windfall from an increase in the property value, so as property values increase, the “certified rate” or the rate that the District can impose without a public hearing, decreases, guaranteeing the District the same amount of revenue from property taxes that was received the previous year, plus an allowance for any new growth that may have occurred within the District’s boundaries. If the District were to change the tax rate beyond the certified rate, the District is required by law to have a Truth in Taxation public hearing.

The District continues to receive about the same amount of funds from property tax, with some residents paying more and some paying less, depending on those property valuations. The District reinstated the collecting property taxes in 2007. Because the certified rate does not adjust for inflation, over time the District has considerably less ability to fund sewer services through property taxes, and this was one of the factors why the District did a sewer service fee rate increase in 2023.

The graphs below illustrate the increase in value of property within the District’s boundaries and the decrease in the certified tax rate. During the past decade, as the property values have increased, the certified tax rate has decreased. For individual residents, this means that as their property values increase, the property taxes paid remains the same.



The property values and certified tax rates for 2023 will not be available until June of 2023, and therefore have not been included in the graphs.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

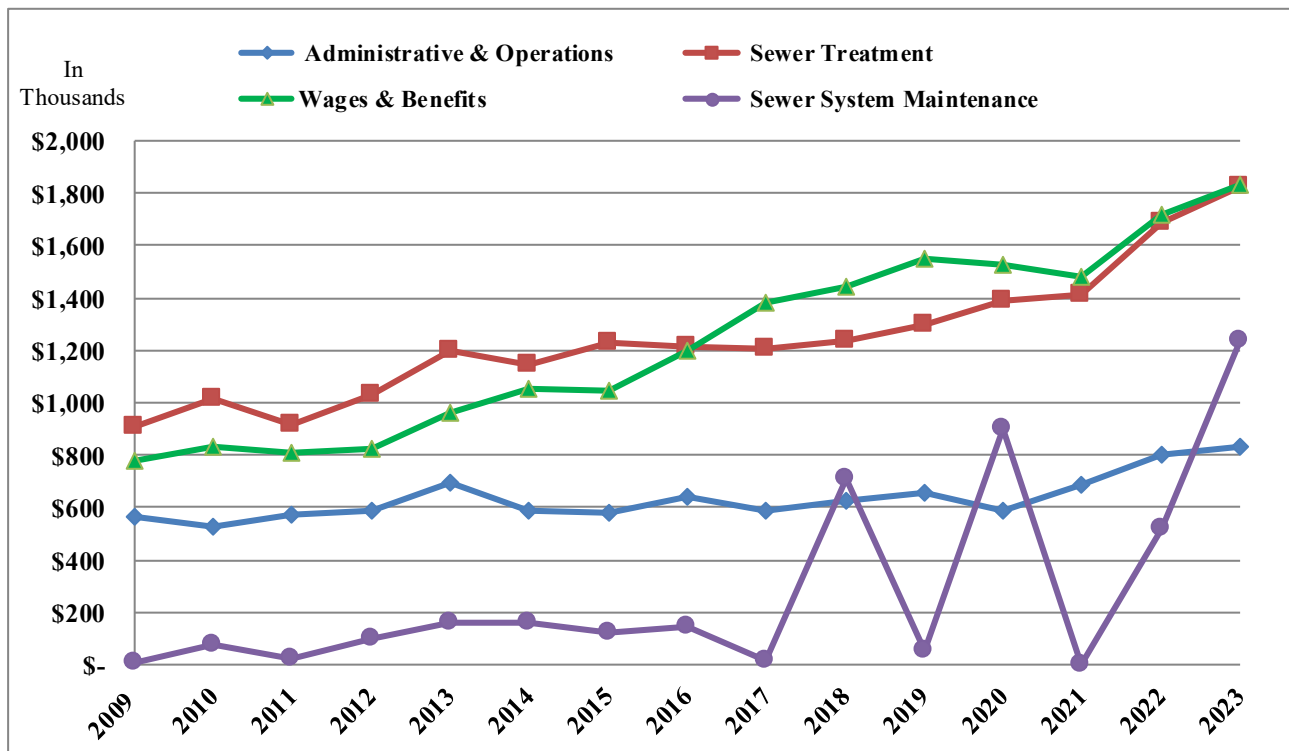
FINANCIAL SUMMARIES

Other Non-Operating Revenue – This revenue consists primarily of investment earnings from the District’s operating cash and reserves held in investment accounts. The amount of earnings is directly related to the yields on the balance in the investment accounts. The District’s policy is to only purchase safe and secure investments (the District’s investment policy is to follow the Utah Money Management Act).

Impact Fees – These fees are charges to new connections to connect into the District sewer collection system. These fees are charged to recover the costs the District has paid for the collection system and the treatment plant in prior years to allow the District to have excess capacity for new development. The District expects impact fee revenue to increase as there is more residual construction in the District than the prior year.

Major Uses of Revenues

The following graph shows 15 years of the District’s expenses categorized into the four major different expense areas (2009 to 2021 actual, 2022 estimated, and 2023 budgeted expenses).



Sewer Treatment Costs - are fees charged from the sewer treatment plant and fluctuate based the District’s proportional share of the operating costs.

Sewer System Maintenance – these expenses include pipe-lining of sewer lines and manhole rehabilitation costs. The 2017 projects were combined with the 2018 projects; the 2019 projects were combined with the 2020 projects; and the majority of the 2021 and 2022 maintenance projects are budgeted to be combined with the 2023 projects. Delays are due to difficulties experienced in the construction industry and supply chain issues.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

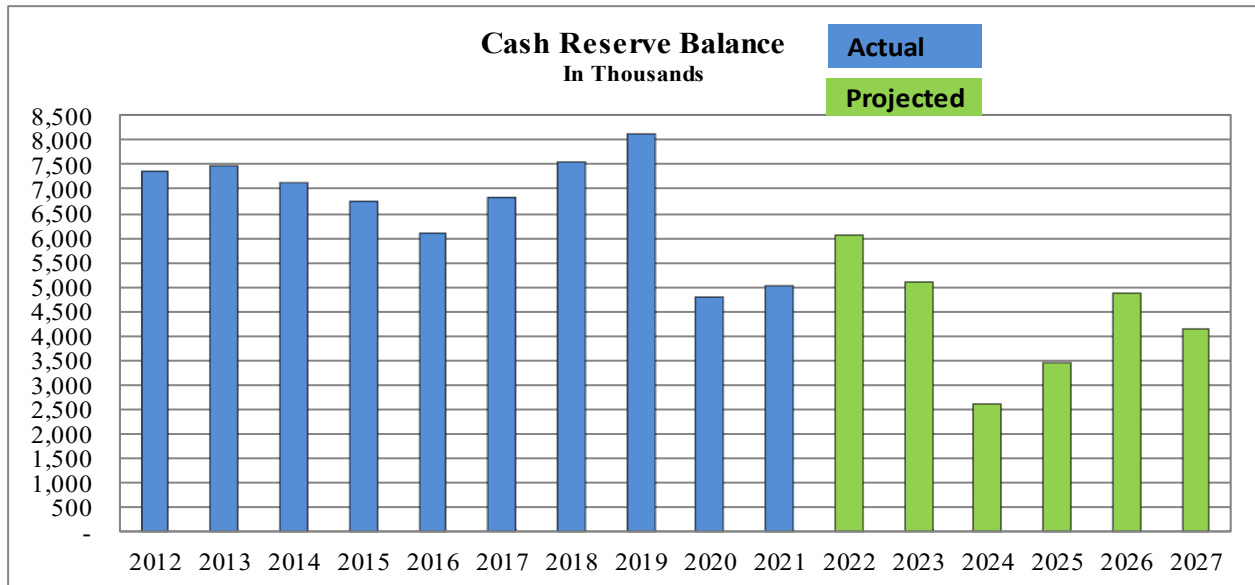
FINANCIAL SUMMARIES

Cash and Investment Reserves

The District has a “pay-as-you-go” policy to fund all operations, future capital infrastructure and equipment, funds required to pay cash advances to the SVWRF treatment plant for their capital projects, as well as, major emergency repairs. The District maintains cash reserves (reserves) that are made up of unrestricted cash and investment funds. The District’s reserves are made up of two components: one component is a year’s supply of operations cash and the other component is to pay for capital costs and other non-operational needs.

Many generations of customers have built up the cash reserves that allow the District to save on expensive debt related costs and interest expense. The use of the reserves also allows the District to not adjust the sewer service fees every time there is a major out flow of funds. The District’s long-term budget strategy is to adequately fund appropriate reserves.

The following chart shows the reserve balance in prior years, estimated current year, the next budget year, and forecasted future years. The reserve amounts are net of the District’s operational cash reserve of 1.5 million dollars. The operational cash reserve is necessary as the majority of property tax revenue is received in November and December while the District’s expenses are spread throughout the year.



Long-Range Financial Plans

The District’s long-range financial plans (the plan) are to develop appropriate long-term financial strategies to achieve the District’s long-term goals in order to support its mission statement of providing the highest quality sanitary sewer service in the most cost-efficient manner possible for our customers.

The District’s plan is based on internal and externally generated forecasted data to assess the long-term financial implications of current and proposed policies, programs, and assumptions statement. The plan is continually updated to reflect emerging issues, ensuring that the plan addresses the current fiscal environment. The District uses the plan as a financial tool for early detection that allows District staff to deal with budgetary issues proactively.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

FINANCIAL SUMMARIES

The plan was developed based on certain financial assumptions and known projected costs. These assumptions were gathered from the District's historical and current data, trend analyses, as well as anticipated future growth based on the current and predicted future economy. Any external uncertainties or unknown variables that the District has no control of (such as an unexpected pandemic, increased costs of treatment of the District's waste water, fluctuation in energy prices, and future changes in state and federal regulations, run-away inflation) are excluded from these projections.

In order to accomplish the District's mission statement, the District's has developed the following specific long-term strategies, after which, there is a description of how the plan affects each strategy:

- *Employ a qualified and well-trained management and staff with a low percentage of turn-over.*

The District's plan is for all employees to be paid competitive salaries and wages. As can be seen on the District's organization chart, included in this budget document, the District is small in size and all employees have to perform many duties that are covered by different employees in larger districts.

For example, in larger sewer districts the operations component is usually divided into three different departments such as the jet cleaning truck, the camera truck, and capital repairs and equipment maintenance. The District rotates all operations employees through all three aforementioned areas on a regular basis. All operations employees are cross-trained on all positions within the operations department. The District budgets to provide the required training for all three areas.

As a result, District has spent time and money ensuring all employees are properly cross-trained in various positions. The District has determined that their employees are more valuable than employees trained only one or two aspects of the wastewater business; therefore, yearly the District evaluates employee wages and salaries to ensure they are competitive, which results in a low percentage of employee turn-over. The District believes that this strategy is effective as the District has not had any sewer line backups or system failures in over 15 years, which failures can result in substantial costs to the District.

- *Maintain the existing infrastructure of the District through preventative maintenance and timely replacement of outdated equipment and collection system components.*

The District's plan is to monitor the condition of the collection system on a regular basis. The District has adopted a rigorous pipe inspection program utilizing principles from the National Association of Sewer Services Companies (NASSCO) using their Pipeline Assessment Certification Program (PACP) and the Manhole Assessment Certification Program (MACP).

The District currently completes video inspection of its entire collection system every 14 months. The District also cleans 95 percent of its collection pipes (pipes with diameters less than or equal to 21-inch) every 12 months. Pipelines larger than 21-inch are difficult to clean regularly due to limits of typical pipe cleaning equipment. The District will make repairs and maintain the collection system before costly backup or breakdowns occur.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

FINANCIAL SUMMARIES

The District is currently using a cost-effective method of pipe lining many of the aging pipes. The District is planning to maintain the current budget for pipe lining as the District has determined that pipe lining will result in significant long-term costs saving.

The District also monitors the equipment used to maintain the collection system which includes larger assets such as the jet cleaning trucks and the camera truck. The District's plan is to maintain these trucks on a regular basis and also periodically determines that they are cost effective and efficient.

- *Employ available technology in an effort to operate all programs in the District at the highest level of effectiveness and efficiency.*

The District's plan is to stay current on the technology available to the District to provide the highest level of effectiveness and efficiency in providing waste water operations. The District budgets for employees to be members of various waste water industry associations and regularly attend conferences and meet with industry leaders and consultants and observe leading edge technology.

The District's long term plans also include reviewing, on a regular basis, the software needs of the District which includes the software in the camera truck and the District's mapping and tracking software.

- *Maintain rates and fees at the lowest level possible for customers while generating necessary funds to maintain a high level of service and adequately fund appropriate reserves of the District.*

The District is very concerned with keeping the service fees as low as possible. During the budgeting process every year, the District reviews the service fees charged and the property tax levy rate in relation to the costs of providing the service. The District is proud to have had one of the lowest service fees in the Salt Lake valley area for many years.

Additionally, the District determined that significant funds will be needed to pay for assessment from the treatment plant for the District's proportionate share of capital projects, costs to increase sewer pipe line capacity in certain areas, and capital maintenance projects. More details on these capital costs is found in the Capital and Debt section of this budget under the subsection Five Year Forecast – Capital Related Costs. As a result of the estimated significant cost of capital projects in the next five years, the District will be raising sewer service fee rates in 2023 to replenish the District's reserves. This sewer fee increase was approved by the Board of Trustees in November 2022.

- *Represent the District's interest at the SVWRF treatment plant to keep sewage treatment costs as low as possible.*

The District's General Manager is on the board of trustees over the SVWRF treatment plant. As the District is required to pay for their proportionate share of all costs of the treatment plant, the District's General Manager is motivated to ensure that the costs at the treatment plant are kept at as low possible while the waste water is properly treated.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

FINANCIAL SUMMARIES

Five Year Forecast – Statement of Revenues, Expenses and Changes in Net Position

This section contains a five-year financial projection for the operating budget, anticipated capital and equipment costs, and funds that will be required to pay for the District’s share of capital improvements at the treatment plant. It is based on historical trend analysis, economic conditions, inflationary expectations, and other relevant information that may impact future performance.

The District’s five-year forecast is formatted to match the *Statement of Revenues, Expenses, and Changes in Net Position* in the District’s annually audited financial statements.

	Budgeted 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027
Operating Revenues:					
Sewer Service Fees	\$ 3,966,000	\$ 4,377,000	\$ 4,831,000	\$ 5,332,000	\$ 5,778,000
Finance Charges & Other Income	17,000	17,000	18,000	18,000	19,000
Total Operating Revenues	3,983,000	4,394,000	4,849,000	5,350,000	5,797,000
Operating Expenses:					
Sewage Treatment Expenses	1,823,000	1,915,000	2,011,000	2,112,000	2,220,000
Salaries and Benefits	1,833,000	1,940,000	2,036,000	2,138,000	2,244,000
Depreciation	433,000	437,000	441,000	445,000	449,000
Repairs & Maintenance	1,279,000	883,000	887,000	890,000	892,000
Office & Administrative	180,000	189,000	198,000	204,000	211,000
Insurance	57,000	59,000	60,000	62,000	64,000
Auto & Truck Expense	60,000	63,000	66,000	68,000	70,000
Legal & Accounting Services	41,000	42,000	43,000	44,000	45,000
Engineering	1,000	1,000	50,000	1,000	1,000
Elections	25,000	-	25,000	-	25,000
Total Operating Expenses	5,732,000	5,529,000	5,817,000	5,964,000	6,221,000
Total Loss From Operations	(1,749,000)	(1,135,000)	(968,000)	(614,000)	(424,000)
Non-Operating Revenues					
Property Tax Revenue	1,462,000	1,477,000	1,492,000	1,507,000	1,522,000
Impact Fees	100,000	100,000	100,000	200,000	200,000
Other Non-Operating Revenue	59,000	59,000	60,000	60,000	61,000
Total Non-Operating Revenues & Expense	1,621,000	1,636,000	1,652,000	1,767,000	1,783,000
Net Income (Loss)	(128,000)	501,000	684,000	1,153,000	1,359,000
Contributed Capital - Lines	-	-	-	-	-
Change In Net Position	(128,000)	501,000	684,000	1,153,000	1,359,000
Total Net Position, Beg of Year	24,041,775	23,913,775	24,414,775	25,098,775	26,251,775
Total Net Position, End of Year	\$ 23,913,775	\$ 24,414,775	\$ 25,098,775	\$ 26,251,775	\$ 27,610,775

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

CAPITAL AND DEBT

Capital Related Costs

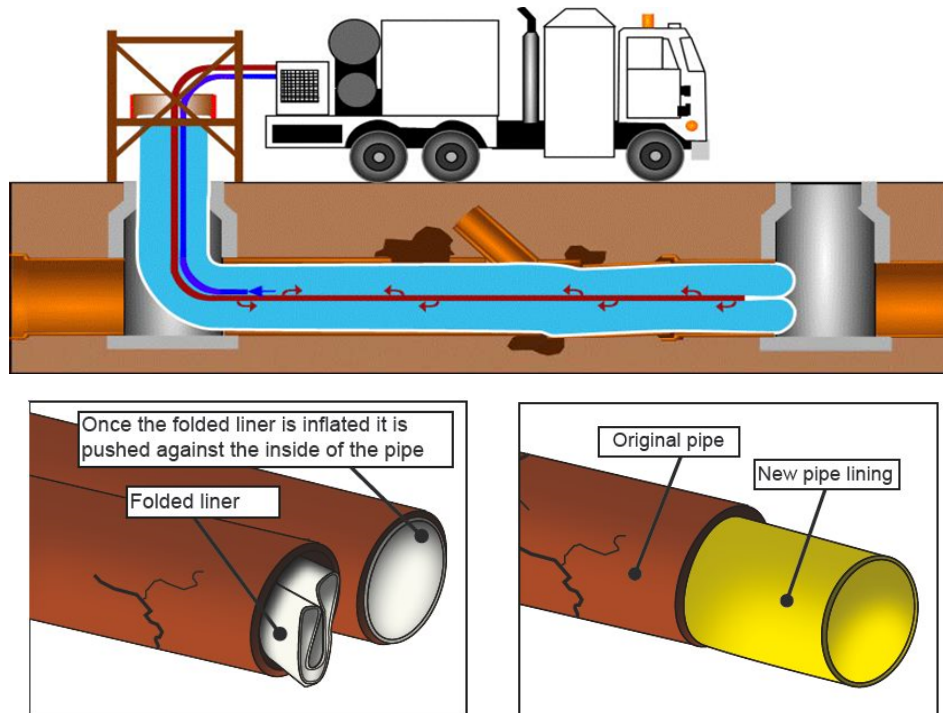
The operations of the District are capital intensive. The District maintains over 78 miles of wastewater collection lines, over 1,900 manholes, and the District also pays their proportionate share of the wastewater treatment plant (South Valley Water Reclamation Facility or SVWRF).

The District has budgeted and anticipates costs in the following areas related to capital related costs.

Maintenance and Capacity Deficiencies – the District has identified collection lines that need to be replaced or increased in size and manholes that need to be maintained. The costs of these improvements will be capitalized and depreciated over the estimated life of the pipes. The costs of construction will be paid from the District’s reserves.

Collection Line Maintenance – The District is monitoring the condition of its waste water collection system. There are many sections of the system that are over 50 to 70 years old. To maintain these lines the District uses a variety of methods that result in a cost saving over digging a trench, which destroys roads, parking lots, residential yards, and other improvements, and installing new pipe.

Pipe-lining - the District is currently using a cost-effective method of pipe-lining called “cured in place pipe” (CIPP). CIPP is trenchless sewer line replacement process whereby the older or damaged sewer lines are lined with a fiberglass liner that essentially creates new pipe within the old one. CIPP lining costs are much lower than the traditional replacement costs of digging up the old or damaged pipes and replacing them with new ones. The District considers CIPP an operational expense to maintain the collection lines and has budgeted the related expenses in the operating budget.



MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

CAPITAL AND DEBT

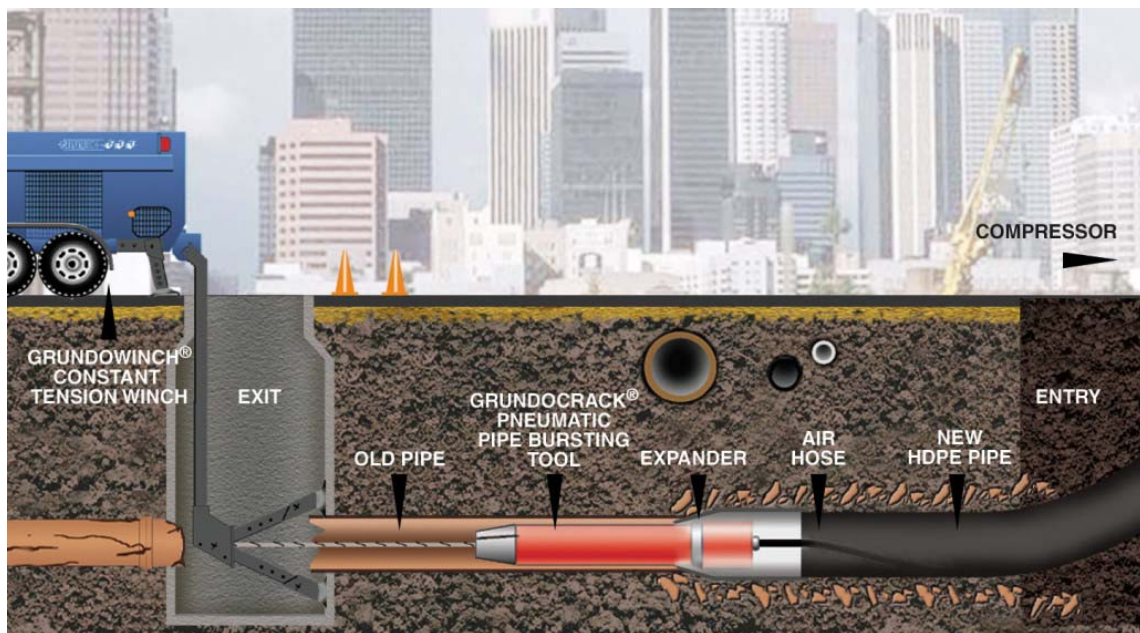
Pipe-Lining of Concrete and Clay Pipes – The District’s highest priority for pipe-lining include rehabilitating concrete and clay pipes as they are likely to deteriorate faster than PVC pipes. The District has already made efforts to rehabilitate concrete and clay pipes in the sewer collection system (the system) and 13% of the existing system has been rehabilitated.

The system is composed of about 412,000 feet of pipe (about 78 miles), of which 33% is clay and 29% is concrete. The District’s internal goal is to rehabilitate 90 percent of all existing clay and concrete pipe with pipe-lining over the next 20 years. Based on the pipe inspection results, the District can prioritize which pipelines require rehabilitation first and develop their annual rehabilitation project list.

Based on this internal rehabilitation goal, the District will budget \$600,000 a year, for the next five years, that can be used for pipe-lining; and then reevaluate our pipe-lining progress and conditions of the concrete and clay pipes.

Pipe Bursting – The District has the option to use an alternate method of trenchless pipe replacement called pipe-bursting. Pipe bursting trenchless pipe replacement systems allows the District to install new pipelines in the same or even larger diameter than the pipe being replaced with minimum excavation. Pipe bursting is commonly used to break out an existing cast iron, concrete or clay pipe.

Pipe bursting can pull new sewer lines up to 500 feet long through the old sewer pipe. This method’s costs are substantially lower than the traditional replacement costs of digging trenches for old or damaged pipes and replacing them with new ones.



MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

CAPITAL AND DEBT

Manhole Maintenance - The District is monitoring the condition of its manholes. There are many manholes that are over 50 to 70 years old.



To maintain and rehabilitate older manholes which will increase their longevity, the District will be using a variety of methods such as chemical grouting, polymer top coating (Epoxy, Polyurethane, Polyurea, etc.), and cure-in-place lines with a process that includes the installation of a specifically designed fabric liner, saturated with a thermosetting resin, that is heat cured under pressure and molded tightly to fit the inside shape of the existing manhole.

In addition to rehabilitating manholes, some manholes will need to be completely replaced to ensure structure integrity and functionality. The District has budgeted \$600,000 a year, for the next five years, that can be used to rehabilitate and replace manholes.

The District considers pipe-lining and manhole maintenance to be operational expenses and have budgeted the anticipated related expenses in the operating budget.

Capital Equipment - The District has vehicles and equipment that monitor and repair the collection lines. The District's plan is to maintain these trucks on a regular basis and also periodically determines that they are cost effective and efficient. The costs of these vehicles and equipment will be capitalized and depreciated over their estimated useful life. The costs of capital equipment will be paid from the District's reserves.

Treatment Plant Capital Projects Assessments - The SVWRF treatment plant has been assessing the District their proportionate share of capital projects to update the treatment plant equipment and operations to comply with upcoming regulatory requirements and required capital improvements. The District has and will account for these cash payments as prepaid sewage treatment fees and will amortize the amount over the expected life of the treatment plant project. The costs of the assessed treatment plant capital projects will be paid from the District's reserves.

**MIDVALLEY IMPROVEMENT DISTRICT
2023 OPERATING BUDGET**

CAPITAL AND DEBT

Five Year Forecast – Capital Related Costs

The following schedule shows the estimated capital related costs for the next five years.

	2023	2024	2025	2026	2027
Costs for Maintenance Projects					
Laser and sonar inspection of 36 inch pipe under Interstate 15	\$ 84,000	\$ -	\$ -	\$ -	\$ -
Fairmeadows Drive between 700 E and 900 E	814,000	-	-	-	-
Costs for Capacity Deficiencies					
7500 S. from State St to 410 E.	-	2,463,000	-	-	-
State St at 7640 S to 7554 S	-	355,000	-	-	-
6830 S State St to Railroad	-	-	-	-	1,982,000
Treatment Plant Capital *					
Projected sewer treatment plant system upgrades and capital projects	285,000	637,000	449,000	353,000	736,000
Capital Equipment **					
VACTOR Jet truck	250,000	-	-	-	-
Camera Truck	-	150,000	-	-	-
Collection Line Maintenance ***					
Sam's Club pipe project & CIPP	62,000	-	-	-	-
Manhole rehab - Summer project	168,000	-	-	-	-
C&L additional 10 Manholes	100,000	-	-	-	-
Pipe-lining 2021-2022 projects	270,000	-	-	-	-
Pipe-lining CIPP and Manhole rehab projects	600,000	600,000	600,000	600,000	600,000
Total	\$2,633,000	\$ 4,205,000	\$1,049,000	\$ 953,000	\$ 3,318,000
Total Estimated Capital Related Costs for the Next Five Years					\$ 12,158,000

* These estimated amounts are assessments for District's share of upgrades to the sewer treatment plant

** This amount is net of the cost of the new truck less proceeds from the sale of the prior truck

*** These estimated amounts are included in the yearly operating budget. Due to the high demand for construction services and construction related material shortages, the 2021 and 2022 budgeted Collection Line Maintenance projects were delayed to fiscal year 2023 by factors beyond the District's control.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

CAPITAL AND DEBT

Impact of Capital Investments on Operating Budget

The District has anticipated the above capital related projects and has increased sewer service fees revenue, in prior years and again in 2023, to provide the future cash flows to adequately replace the cash reserve accounts that will be used to pay for the capital related costs over the next five years.

As part of the District's operating budget and planning process, the District has budgeted and planned on the following:

- The District has budgeted for the yearly significant capital related costs of pipe lining and manhole maintenance as part of the operating budget.
- The District has budgeted for a positive cash flow to replace the cash reserve amounts that will be used to purchase capital equipment that will be depreciated over the life of the equipment.
- The District has budget for a positive cash flow to replace the cash reserve amounts that will be used to pay for the assessment from the treatment plant for the District's proportionate share of capital projects to update the treatment plant equipment and operations to comply with upcoming regulatory requirements.

Anticipated Operating Costs Associated with Significant Nonrecurring Capital Costs

The District does not anticipate that there will be additional operating costs associated with any of the significant nonrecurring capital costs identified above. All of the nonrecurring capital costs identified above will be performed by outside vendors and contractors. The District will not incur any additional operating expenses nor will the District incur any additional savings or receive any additional revenues as a result of these projects.

The District budgeted for and already has the cash reserves to pay for all the projects above. In addition, the District projects, with the increase in sewer service fees in 2023, that the current level of revenues will support replenishing the cash reserves in a timely manner.

As the District is 98% built-out, any possible new sewer lines that could be constructed or that are received as contributed capital in the form of sewer lines would not have a significant effect on the operations of the District. The District has determined that all new sewer line could be cleaned, televised, and maintained by the current operations employees without additional over-time costs and current operational equipment. Any other costs associated with new sewer lines would be offset by the new sewer service fee revenues created by individuals and entities using the new sewer lines.

Debt

The District does not have any debt. The District has adopted a "pay-as-you-go" philosophy for all operational budget items and future capital related costs detailed in the prior section. The District has established reserves, which consists of cash and investments, that provide the needed funds for both short- and long-term budget and capital related costs.

Debt Limit - the District has a debt limit for general obligation bonds (backed by property taxes) of approximately \$85,400,000 that is available should any unanticipated needs arise.

**MIDVALLEY IMPROVEMENT DISTRICT
2023 OPERATING BUDGET**

DEPARTMENTAL INFORMATION

Position Summary Schedule

Overall, the District staffing needs remain unchanged over time due to the consistent nature of the District sewage collection system and manageable increases in annual sewage flows.

During the budget period and for the foreseeable short-term future, the District anticipates that staffing needs will remain unchanged from prior years. The following is a schedule of the staffing positions for the budget year, the current year, and the prior five years.

Area	Budget		Current				
	Year	Year	2021	2020	2019	2018	2017
	2023	2022					
Administration:							
General Manager	1	1	1	1	1	1	1
Chief Financial Officer	1	1	1	1	1	1	1
Office & Utility Billings Manager	1	1	1	1	1	1	1
Operations:							
Operations Supervisor	1	1	1	1	1	1	1
Assistant Operations Supervisor	1	1	1	1	1	1	1
Operators	4	4	4	4	4	4	4
Total	9	9	9	9	9	9	9

Department Descriptions

The District does not have separate and distinct departments due to the small and single-service nature of its operations. From a functional standpoint, the District may say that it has the following areas: Administration and Operations. The District does not account for the aforementioned departments separately on the accounting records. The following is an overview of the functions of the District’s two areas.

Administration Area

- Positions:* General Manager (1)
 Chief Financial Officer (1)
 Office and Utility Billings Manager (1)

Functions: Accountable for the Districts managerial, legal, and fiscal responsibilities associated with constructing and maintaining the wastewater collection and conveyance services. The Administration area directly supports the operations area through administration, finance, and human resources.

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

DEPARTMENTAL INFORMATION

Operations Area

Positions: Operations Supervisor (1)
Assistant Operations Supervisor (1)
Operators (4)

Functions: The Operations area is responsible for the maintenance and operations of over 78 miles of sewer pipe and over 1,900 manholes. More than 84 percent of the pipe in the system is 8 inches in diameter or smaller. These pipes represent the vast network of small collection mains in the neighborhoods throughout the District. The District estimates that the average daily flow will be 2.48 million gallons per day for the next five years.

The Operations area is responsible for operating, inspecting, maintaining, and troubleshooting the wastewater collection system area. The Operations area operations include: 1.) jet truck cleaning of all sewer pipes on a regular basis, 2.) camera truck recording the condition of the pipes. 3.) providing maintenance of the sewer collection pipes and manholes, 4.) maintaining system information in a cataloged GIS database of inventory of existing sewer facilities, 5.) providing inspection of new pipe and contractor connections, and 6.) providing emergency responses to inspect, camera, or respond to backup calls.

Unit Goals and Objectives

The District takes accomplishing the mission statement very seriously, and as such the District's overall goal is to achieve the mission statement to provide the highest quality sanitary sewer service in the most cost-efficient manner possible for our customers.

The District has been in operation for almost 70 years and operations have been continually improved and fine-tuned for many years. However, as the District is committed to maintaining the high level of service currently provided and to continually looking for areas of improvements, the District is always looking for ways to improve on the Long-Term Strategies that are presented in the Introduction and Overview section of this budget document.



District's 2015 Vactor jet cleaning truck

MIDVALLEY IMPROVEMENT DISTRICT 2023 OPERATING BUDGET

DEPARTMENTAL INFORMATION

Performance Measures

The District has established the following performance measures which were established to accomplish the District's goals and/or strategies for the fulfillment of the District's mission statement.

Objective	Performance Measure	Projected*	Year	Year
		Year 2022	2021	2020
Employees Retention & Training				
Retain qualified employees	Voluntary turnover	0	0	0
Training - Operators maintain required certifications	Certifications requirement met	100%	100%	100%
Training - Operators receive required continuing education hours	Continuing education requirement met	100%	100%	100%
Safety Program - receive safety program education & training	Safety program education requirements met	100%	100%	100%
Safety Program - zero injury accidents	Injury accidents	0	0	0
Safety Program - no non-injury accidents	Non-injury accidents	0	0	0
Insurance incentive program - maximum refund for completing program	Maximum refund from insurance program	Yes	Yes	Yes
Sewer Collection System				
Sewer lines - zero District fault backups	Number of backups	0	0	0
Sewer lines - jet truck cleaning goals	Jet Truck goals met	Yes	Yes	Yes
Sewer lines - camera & assessment goals	Camera truck goals met	Yes	Yes	Yes
Sewer lines - customer complaints handled to proper resolution	Customer complaints not resolved	0	0	0
Sewer lines - maintain infrastructure including slip-lining maintenance	All pipes maintained and slip-lining performed	Yes	Yes	Yes
Annual assessment of technology to increase effectiveness and efficiency: Operations & collection system Equipment, including GIS database	Assessment complete	Yes	Yes	Yes
	Assessment complete	Yes	Yes	Yes
Board of Trustees				
Monthly Board meetings, as scheduled	Met monthly, as scheduled	Yes	Yes	Yes
Monthly review expenses of the District	Expenses were reviewed	Yes	Yes	Yes
Monthly publish minutes on website	Minutes were published	Yes	Yes	Yes
Quarterly review of financial statements	Statements reviewed	Yes	Yes	Yes
Review and adopt the District's certified tax rate by June 22 of each year	Certified tax rate was adopted by deadline	Yes	Yes	Yes
Review and adopt the District's operating budget by year end	Operating budget adopted by year end	Yes	Yes	Yes

**MIDVALLEY IMPROVEMENT DISTRICT
2023 OPERATING BUDGET**

DEPARTMENTAL INFORMATION

Objective	Performance Measure	Projected* Year 2022	Year 2021	Year 2020
Finance, Accounting, and Reporting				
Prepare annual operating budget	Approved by the Board	Yes	Yes	Yes
Participate in an excellence in financial and budget reporting program	Meets GFOA distinguished budget award	Yes	Yes	Yes
Accounting - pass annual financial audit	Number of audit issues	0	0	0
Annual audit - no audit findings	Number of audit findings	0	0	0
All financial reports for Federal, State, and local requirement filed on time	Number of late reports	0	0	0
Annual review and assessment of cash reserves for both short & long terms	Annual review performed	Yes	Yes	Yes
Utility Billings Area				
Customer statements mailed on time	Number of late mailings	0	0	0
Customer billing complaints handled to proper resolution	Customer complaints not resolved	0	0	0
General Manager & Engineering				
Perform yearly employee reviews	Employee review not done	0	0	0
Resolve all employee issues	Issues not resolved	0	0	0
Resolve all customer or vendor issues	Issues not resolved	0	0	0
Provide engineering reviews of all customer sewer plans & assess fees	Number of plans not reviewed	0	0	0
Annually review the projected capital equipment and infrastructure projects	Annual assessment is performed	Yes	Yes	Yes
Effective representation at the treatment plant board of trustee meetings	Number of occurrences of ineffective representation	0	0	0

* The District anticipates the completion of the goals and has not identified any issues or reasons that this goal will not be completed in a timely manner.

**MIDVALLEY IMPROVEMENT DISTRICT
2023 OPERATING BUDGET**

SUPPLEMENTAL INFORMATION

Collection System

The District has approximately 12,150 equivalent residential units (including both residential and non-residential). There are about 412,000 feet (about 78 miles) of sewer pipe and over 1,900 manholes in the District. About 85 percent of the pipe in the system is 8 inches in diameter or smaller. These pipes represent the vast network of small collection mains in the neighborhoods throughout the District. The District’s system is gravity flow and does not have any pumping stations. The District estimates that the average daily flow will be 2.775 to 2.80 MGD (million gallons per day) for the next five years.

Future Growth & Demand

The District expects that the residential and non-residential population will increase (estimated at about 8% in the next 10 years) as the District is approximately 98% built-out and does not anticipate significant new growth. Much of the new growth will come from replacing single family homes, blighted areas, and agriculture land with multi-family housing.

In 2022, the District retained the consulting engineering firm of Bowen Collins & Associates (BC&A) to prepare a master sewer plan report (the report) for the District’s wastewater collection system. The purpose of the report was to identify recommended improvements that will resolve existing and projected future deficiencies in the wastewater collection system throughout the District’s service area. The District is planning and has budgeted to resolve all existing and projected future deficiencies in the short-term.

The report showed the following table of projected total daily wastewater flows by MGD:

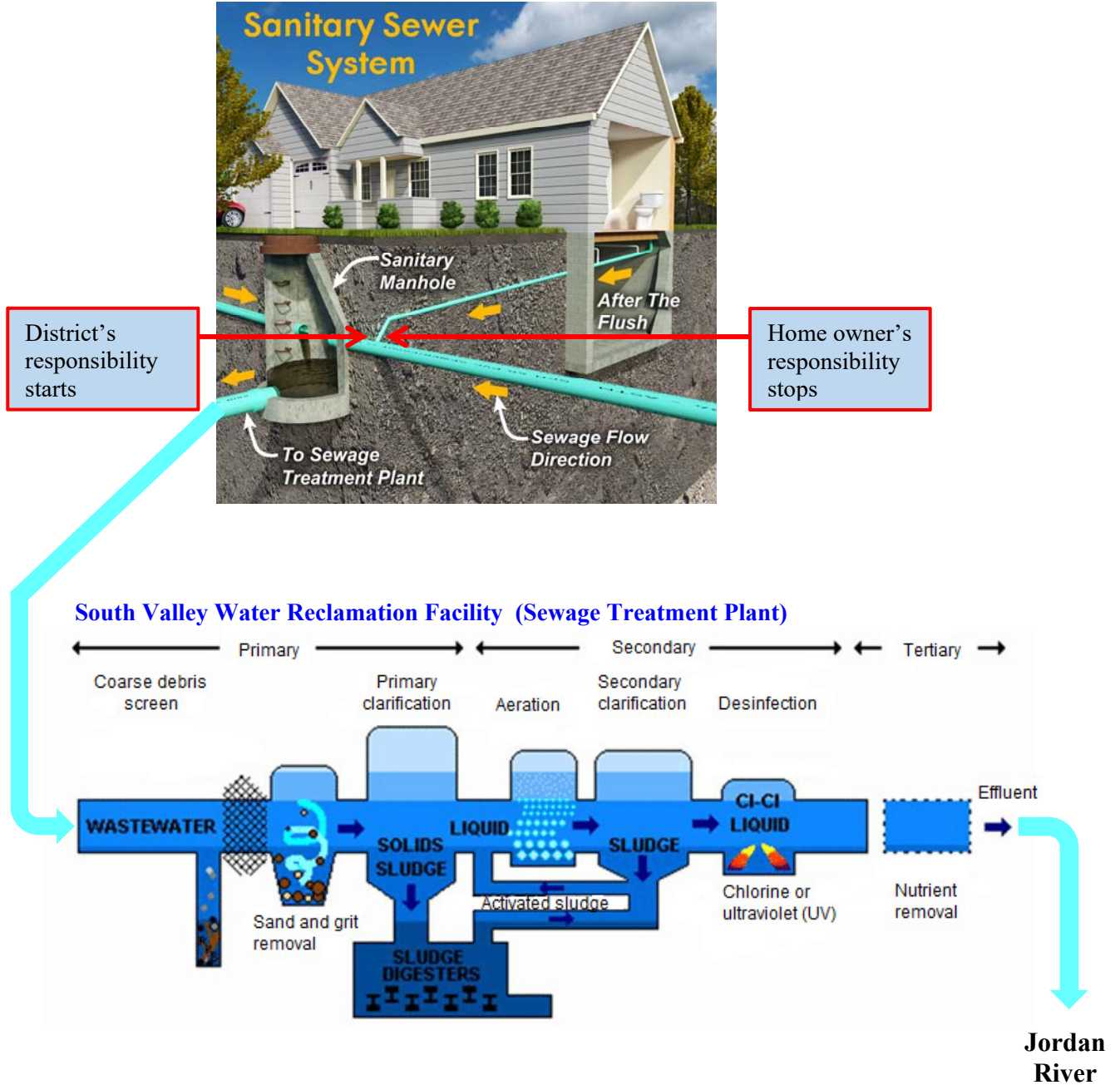
Year	Infiltration (mgd)	Domestic Wastewater (mgd)	Total Wastewater (mgd)
2022	0.60	2.01	2.61
2025	0.61	2.05	2.67
2030	0.64	2.14	2.78
2032	0.65	2.17	2.82
2035	0.67	2.25	2.92
2040	0.69	2.39	3.08
2045	0.72	2.49	3.21
2050	0.75	2.57	3.32

As the District has capacity rights of 3.84 MGD in the treatment plan, the District owns sufficient capacity in the treatment plan to accommodate projected growth through 2050.

MIDVALLEY IMPROVEMENT DISTRICT
2022 OPERATING BUDGET

SUPPLEMENTAL INFORMATION

Sanitary Sewer System – Start to Finish



MIDVALLEY IMPROVEMENT DISTRICT 2022 OPERATING BUDGET

GLOSSARY

- Accrual Accounting** A method of accounting in which revenues are recorded when earned and expenses are recognized when incurred.
- Amortization** The process of gradually writing off the initial cost of an intangible asset as an expense every year for the life of the intangible asset. For example, the District is required to pay cash to the treatment plant for capital projects at the plant. The District will account for these cash advance payments as prepaid sewage treatment fees until the capital project is completed, and will then gradually write off this initial cost as an expense (sewer treatment expense) over the expected life of the treatment plant project.
- Audit** As required by Utah State law and monitored by the Utah State Auditors Office, the District is required to have an annual audit by independent auditors (the Auditors). The Auditors will perform audit procedures on the accounting records, financial statements, and the notes to the financial statements of the District. The Auditor will issue an opinion that is shown in the first section of the District's Financial Statements. The District's Financial Statements and auditor's opinions can be downloaded from the District's website at www.mvdst.com.
- The Auditors also perform audit procedures on the District's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.
- The audits are performed in accordance with auditing standards generally accepted in the United State of America and standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States.
- Additionally, the Utah State Auditors Office requires auditors to perform certain procedures to test internal control and compliance with areas identified in the *State Compliance Audit Guide*.
- Balanced Budget** A balanced budget is achieved by having revenues equal expenses during the budget period. The District does not use the balanced budget approach as notated in above Financial Policies area under Balanced Budget.
- Bond** A bond is a promise to repay borrowed money by a specific date in the future including specific interest on the amount borrowed at predetermined intervals during the life of the bond.
- Capital Cost** Capital costs are costs of \$10,000 or more and with a useful life of one year or more and incurred to construct or build an asset, purchase an asset or add value to an existing asset such as acquiring or upgrading a physical asset (i.e. sewer collection lines, jet cleaning trucks, camera trucks, machinery, equipment, property or buildings).

MIDVALLEY IMPROVEMENT DISTRICT 2022 OPERATING BUDGET

GLOSSARY

CIPP	A cost-effective method of pipe-lining called “cured in place pipe” (CIPP). CIPP is trenchless sewer line replacement process whereby the older or damaged sewer lines are lined a with fiberglass liner that essentially creates new pipe within the old one. CIPP lining costs are much lower than the traditional replacement costs of digging up the old or damaged pipes and replacing them with new ones.
CFO	The Chief Financial Officer (CFO) of the District. The CFO’s major responsibilities include the accounting and reporting of financial information, prepares the operating budget and related reports, ensure compliance with financial related laws and regulations, and over see the financial operations of the District.
Component Unit	A Component Unit is a legally separate organization for which the elected officials of the District are financially accountable. In addition, component units can be other organizations of which the nature and significance of their relationship with the District is such that exclusion of these organizations from the District’s financial statements is misleading.
Depreciation	The process of gradually writing off the initial cost of an asset as an expense every year for the life of the asset. For example, when the District purchases a large cleaning truck, the District will recognize as an expense (depreciation expense) one-tenth of the cost of the truck for 10 years.
Enterprise Fund	The District prepares its financial statements on an enterprise fund basis. Generally Accepted Accounting Principles (GAAP) require state and local governments to use the enterprise fund to account for “business-type activities” – activities similar to those found in the private sector. Business-type activities include services primarily funded through service charges.
Fund	A fund for governmental accounting purposes is similar to a department in a commercial business. A fund will have a separate accounting system for recording all transactions including cash-in and cash-out transactions any other accounting adjustments of the fund. The District is operated as one fund (or department).
GASB	The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles for governmental entities in the United States of America.
GIS	The geographic information system (GIS) software is used to map the sewer collection system and provide electronic maps with detailed information such as the age, building materials, and condition.
MGD	Million gallons per day.

MIDVALLEY IMPROVEMENT DISTRICT 2022 OPERATING BUDGET

GLOSSARY

Net Position	The term Net Position is the amount of the District's total assets less the total liabilities as shown on the Balance Sheet. Last year's net income or loss is added to last year's Net Position amount is to equal this year's Net Position amount. With governmental accounting, the District's equity is show as the Net Position. In commercial accounting terms, Net Position is called Retained Earning of the entity.
Operating Budget	The District's plan for operating and maintenance revenues and expenses during a one-year period.
Pumping Station	A pumping operation, usually located a long distance from the treatment plant, that provides for the lifting and conveyance of sewage through the force main to gravity flow points.
Sewage	Wastewater flow from residential and commercial units connected to the sewer system.
Sewer Fee	The rate charged per equivalent residential dwelling unit. This rate is set by the District's Board of Trustees.
SVWRF	South Valley Water Reclamation Facility. The District's wastewater treatment plant.
Wastewater	Any water that has been adversely affected in quality by anthropogenic influence. It comprises liquid waste discharged by domestic residences, commercial properties, industry, and/or agriculture and can encompass a wide range of potential contaminants and concentrations. In the most common usage, it refers to the municipal wastewater that contains a broad spectrum of contaminants resulting from the mixing of wastewaters from different sources.