

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**



**MURRAY CITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

MURRAY CITY, UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

Prepared by



Murray Finance

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INTRODUCTORY SECTION



November 19, 2013

LETTER OF TRANSMITTAL

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

The Comprehensive Annual Financial Report (CAFR) of Murray City (City) for the fiscal year ending June 30, 2013, is submitted herewith. Utah state law requires that the Finance Director in cities of the first and second class shall present to the governing body an annual financial report prepared in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed, certified public accounts. This report, which fulfills these requirements, was prepared by the Murray City Finance Department.

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

The City's financial statements have been audited by Keddington & Christensen LLC, a firm of licensed certified public accountants. The goal of the independent audit was to prove reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The report of the independent auditor is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements; special emphasis is placed on internal controls and legal requirements involving the administration of federal awards. These reports can be found as listed in the table of contents.

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

Profile of the Government

Murray City, incorporated in 1903, is located in the central portion of Salt Lake County, approximately eight miles south of Salt Lake City. The City currently occupies a land area of about 11 square miles and serves a population of about 50,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to impose a 1 percent local option sales tax on all retail sales.

The City has operated under the strong mayor-council form of government since 1982. Policy-making and legislative authority are vested in the City Council which is made up of five members elected by district. The City Council is responsible, among other things, passing ordinances, adopting the budget, approving appointments to committees, and approving the department heads appointed by the Mayor. The Mayor, who is full time, is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the government and appointing the heads of the various departments. The City Council is elected on a non-partisan basis with members serving on a staggered four year term basis. The Mayor is elected at-large for a four year term.

The City provides a full range of services including; police projection; fire and ambulance services; construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In additions to general government activities, the governing body controls the Water Fund, the Waste Water Fund, the Power Fund, the Solid Waste Management Fund, the Storm Water Fund, the Telecommunication Fund and the Murray Parkway Recreation Fund; therefore, these activities are included in the reporting entity. However, the Murray City School District has not met the established criteria for inclusion in the reporting entity, and accordingly, is excluded from this report.

Factors Affecting Financial Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Murray City operates.

Local Economy

Murray City, like other cities in the area, has felt the effects of economic fluctuations. The City is a major retail center in Salt Lake County with a regional mall, nine major automobile dealerships and several big box retailers. Because of this diversification, the City has been able to maintain more stability during economic uncertainty. The reconstruction of Fashion Place Mall which includes several high end department stores, numerous restaurants and other retail stores, has helped to maintain a stable economic environment.

Long-term Financial Planning

Since the economy has slowly improved, Murray City has been cautiously preceding with capital construction projects. The City will continue to use General Fund monies to construct, repair and maintain city roads in accordance with the pavement management plan. The City is in the second year of implementing a strategic plan which utilizes a long-term planning framework for capital improvements. Because of this framework there is now added emphasis on the capital improvements. In fiscal year 2013, the City discontinued the Other Post-Employment Benefits plan for new retirees. This was done to help control current and future costs.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to Murray City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the thirty-second consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. I would like to express my appreciation to all staff members who assisted in and contributed to its preparation. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of Murray City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. Zollinger', with a long horizontal flourish extending to the right.

Justin M. Zollinger, CPA
Director of Finance

MURRAY CITY

CITY LEADERSHIP

Daniel C. Snarr
Mayor

Brett A. Hales
Council Chairman

Dave Nicponski
Council Member

Darren Stam
Council Member

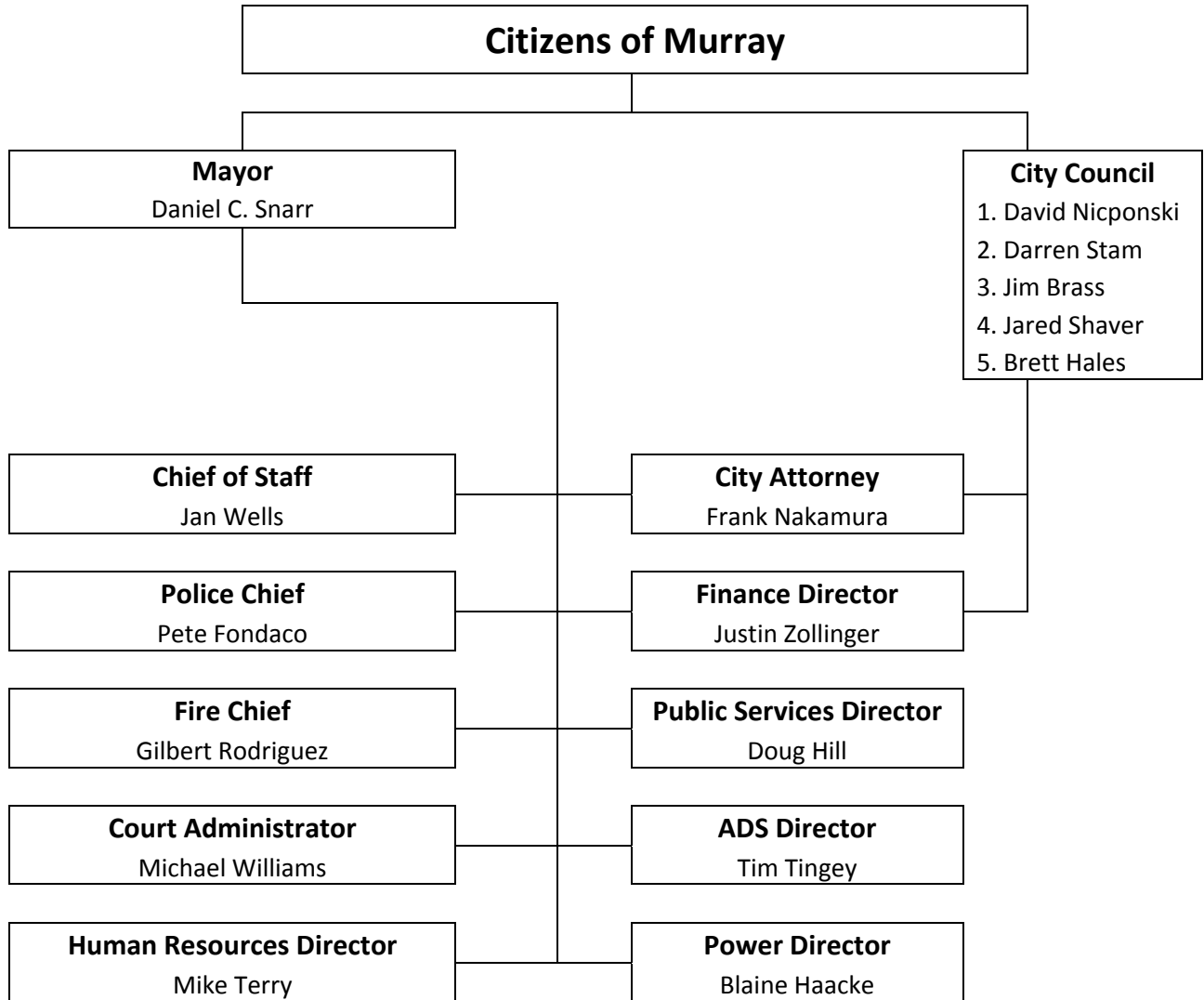
James A. Brass
Council Member

Jared Shaver
Council Member

DEPARTMENT AND DIVISION HEADS

Jan Wells	Chief of Staff
Kim Fong	Library Director
Peter A. Fondaco	Police Chief
Blaine Haacke	Power General Manager
Jennifer Kennedy	City Recorder
Douglas P. Hill	Public Services Director
Wendell Coombs	City Treasurer
Frank Nakamura	City Attorney
Gilbert Rodriguez	Fire Chief
Michael P. Terry	Human Resources Director
W. Paul Thompson	Justice Court Judge
B. Tim Tingey	Administrative and Development Services Director
Justin M. Zollinger	Director of Finance/CFO
Michael Williams	Justice Court Administrator

ORGANIZATION CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Murray City Corporation
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

FINANCIAL SECTION



Keddington & Christensen
Certified Public Accountants, LLC

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
City of Murray
Murray, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murray as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murray as of June 30, 2013, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Murray's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2013, on our consideration of the City of Murray's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Murray City's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

November 15, 2013

MURRAY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Murray City, we offer readers of the Murray City financial statements this narrative overview and analysis of the financial activities of Murray City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the additional information we have furnished in our Letter of Transmittal.

Financial Highlights

- The assets of Murray City exceeded its liabilities at the close of the most recent fiscal year by \$165,023,915 (net position). Of this amount, \$45,283,732 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Murray City's total net position increased by \$11,325,449. Much of this increase was due to a conservative estimate of fiscal year 2013 budgeted revenue. Actual revenues exceeded projections by \$1,173,751 for the General Fund. The City also received \$1,273,743 from the Sports Mall note prepayment; this note was held by the General Fund. Business-type activities saw increased revenue from another warmer than average year.
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$22,738,282 an increase of \$3,435,973 in comparison with the prior year. A portion of this increased amount was from the City's change to a 60 day availability policy which increased fund balance by \$1,394,511. Approximately 42 percent of this total amount, \$9,582,590 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,582,590 or 25.38 percent of total general fund estimated revenue. The General Fund's unassigned fund balance increased by \$432,187. This was a result of careful spending by City departments, revenues coming in higher than anticipated (particularly sales tax), and the Sports Mall note prepayment. This money will be used for future City needs.
- Murray City's total bonded debt decreased by \$3,110,000 (8.62 percent) during the current fiscal year.

This discussion and analysis is intended to serve as an introduction to Murray City's basic financial statements. Murray City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Murray City's finances, in a manner similar to private-sector business. The statement of net position presents information on all of Murray City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Murray City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

MURRAY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Activities distinguish functions of Murray City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Murray City include general government, public safety, highways and public improvements, parks and recreation, library, and community and economic development. The business-type activities of Murray City include a Water Fund, Wastewater Fund, Power Fund, Murray Parkway Fund, Telecommunication Fund, Solid Waste Management Fund, and Storm Water Fund.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Murray City, like any other state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Murray City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Murray City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects, and redevelopment agency fund which are considered to be major funds. Data from the other four governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Supplementary Information section of this report.

Murray City adopts an annual appropriated budget for its government funds. A budgetary comparison statement has been provided for the all of these funds to demonstrate compliance with the budgets.

MURRAY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds

Murray City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Murray City uses enterprise funds to account for its Water Fund, Waste Water Fund, Power Fund, Storm Water Fund, Murray Parkway Recreation Fund, Telecommunication Fund, and Solid Waste Management Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among Murray City's various functions. Murray City uses internal service funds to account for maintenance of its vehicles and for its self-insurance programs. Because both of these services predominantly benefit government rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the Supplementary Information section of this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, the Waste Water Fund, the Power Fund, and the Storm Water Fund all of which are considered to be major funds of Murray City. Data from other proprietary funds are combined into a single aggregate presentation. Individual fund data is provided in the form of combining statements in the Supplementary Information section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Murray City, assets exceeded liabilities by \$165,023,915 at the close of the most recent fiscal year. The largest portion of Murray City's net position (69.2 percent), reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, machinery and equipment,), less any related debt used to acquire those assets that is still outstanding. Murray City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Murray City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MURRAY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Murray City's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	Restated		Restated		Restated	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 38,109,877	\$ 37,467,858	\$ 35,442,489	\$ 29,225,517	\$ 73,552,366	\$ 66,693,375
Capital assets	66,534,680	67,268,328	80,885,476	80,892,441	147,420,156	148,160,769
Total assets	<u>104,644,557</u>	<u>104,736,186</u>	<u>116,327,965</u>	<u>110,117,958</u>	<u>220,972,522</u>	<u>214,854,144</u>
Total deferred outflows of resources	-	-	131,513	-	131,513	-
Long-term liabilities outstanding	9,277,082	12,164,641	23,111,660	25,360,205	32,388,742	37,524,846
Other liabilities	5,311,121	15,746,046	8,561,975	7,884,786	13,873,096	23,630,832
Total liabilities	<u>14,588,203</u>	<u>27,910,687</u>	<u>31,673,635</u>	<u>33,244,991</u>	<u>46,261,838</u>	<u>61,155,678</u>
Total deferred inflows of resources	9,818,282	-	-	-	9,818,282	-
Net position:						
Net investment in capital assets	57,482,749	56,770,185	56,679,015	55,047,253	114,161,764	111,817,438
Restricted	2,363,899	2,897,384	3,214,520	-	5,578,419	2,897,384
Unrestricted	20,391,424	17,157,930	24,892,308	21,825,714	45,283,732	38,983,644
Total net position	<u>\$ 80,238,072</u>	<u>\$ 76,825,499</u>	<u>\$ 84,785,843</u>	<u>\$ 76,872,967</u>	<u>\$ 165,023,915</u>	<u>\$ 153,698,466</u>

An additional portion of Murray City's net position (3.38 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$45,283,732 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Murray City is able to report positive balances in all three categories of net position, both for government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$11,325,449 in net position for Murray City during the current fiscal year. The primary reason for this increase in net position was from conservative revenue forecasts that limited budgets and controlled expenses.

MURRAY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Murray City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	Restated		Restated		Restated	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 5,664,804	\$ 6,479,306	\$ 52,620,586	\$ 52,358,497	\$ 58,285,390	\$ 58,837,803
Operating grants and contributions	5,085,195	4,478,557	-	-	5,085,195	4,478,557
Capital grants and contributions	625,667	2,087,025	742,946	833,496	1,368,613	2,920,521
General revenues:						
Sales taxes	12,916,025	12,847,464	-	-	12,916,025	12,847,464
Property taxes	10,298,590	10,075,782	-	-	10,298,590	10,075,782
Franchise taxes	4,993,384	4,849,560	-	-	4,993,384	4,849,560
Investment income	202,882	295,607	287,195	244,548	490,077	540,155
Gain/(loss) on disposal of assets	94,202	10,638	30,452	163,124	124,654	173,762
Miscellaneous	277,508	206,915	-	-	277,508	206,915
Total revenues	<u>40,158,257</u>	<u>41,330,854</u>	<u>53,681,179</u>	<u>53,599,665</u>	<u>93,839,436</u>	<u>94,930,519</u>
Expenses:						
General government	7,405,522	8,984,119	-	-	7,405,522	8,984,119
Public safety	16,355,899	16,678,415	-	-	16,355,899	16,678,415
Highways & public improvements	8,666,544	7,880,076	-	-	8,666,544	7,880,076
Parks, recreation, and culture	7,538,992	7,068,120	-	-	7,538,992	7,068,120
Debt service - interest and fiscal charges	384,433	440,286	-	-	384,433	440,286
Water	-	-	4,127,932	4,084,701	4,127,932	4,084,701
Waste water	-	-	3,353,890	3,255,545	3,353,890	3,255,545
Power	-	-	30,312,585	31,190,000	30,312,585	31,190,000
Murray parkway	-	-	1,260,353	1,697,025	1,260,353	1,697,025
Telecommunications	-	-	63,146	33,120	63,146	33,120
Solid waste	-	-	1,126,639	1,049,808	1,126,639	1,049,808
Storm water	-	-	1,918,052	1,884,519	1,918,052	1,884,519
Total expenses	<u>40,351,390</u>	<u>41,051,016</u>	<u>42,162,597</u>	<u>43,194,718</u>	<u>82,513,987</u>	<u>84,245,734</u>
Increase (decrease) in net position before transfers	(193,133)	279,838	11,518,582	10,404,947	11,325,449	10,684,785
Transfers - net	3,605,706	3,129,995	(3,605,706)	(3,129,995)	-	-
Increase (decrease) in net position	<u>3,412,573</u>	<u>3,409,833</u>	<u>7,912,876</u>	<u>7,274,952</u>	<u>11,325,449</u>	<u>10,684,785</u>
Net position at beginning of year	76,825,499	73,415,666	76,872,967	69,598,015	153,698,466	143,013,681
Net position at end of year	<u>\$ 80,238,072</u>	<u>\$ 76,825,499</u>	<u>\$ 84,785,843</u>	<u>\$ 76,872,967</u>	<u>\$ 165,023,915</u>	<u>\$ 153,698,466</u>

Governmental Activities

Governmental activities increased Murray City's net position by \$3,412,573. Key elements are as follows:

- Revenue exceeded budget by approximately \$1,173,000, part of this positive variance was the result of the following revenues:
 - \$528,000 from sales tax revenue
 - \$391,000 from franchise tax
 - \$184,000 from licenses and permits
- Expenditures were less than budget by approximately \$2,400,000 thanks to all Departments' careful use of taxpayer dollars.
- The discontinuation of the City's Other Post-employment Benefits plan to new retirees contributed to the City's improved financial position.

MURRAY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-Type Activities

Business-type activities increased Murray City's net position by \$7,912,876. Key elements are as follows:

- Total operating income was \$11,122,341. This was an increase of \$2,100,327 over the prior year. This was the result of increase Power project revenue of approximately \$600,000, Storm Water other revenue increased by approximately \$340,000, and power costs decreased approximately \$675,000. The remaining difference was because the City discontinued its Other Post-employment Benefits plan to new retirees which resulted in a significantly lower liability.
- Impact fees and capital contributions were \$473,574 and \$742,946 respectively.
- Interest expense was \$955,804, which was a decrease of \$158,594 over the prior year.
- The City changed the way it records unbilled sales; this resulted in a one-time decrease in net position.

Financial Analysis of the Government's Funds

As noted earlier, Murray City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of Murray City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Murray City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental fund balance is reported in five separate categories: nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance includes amounts that cannot be spent for legal or practical reasons. Examples include long-term notes receivable and inventory. Restricted fund balance includes amounts restricted to specific purposes by external parties such as amounts restricted for debt service. Committed fund balance includes amounts that have been set aside by the City Council for a specific purpose prior to the end of the fiscal year. Assigned fund balance includes amounts that have been set aside by the City Council for a specific purpose, but subsequent to the end of the fiscal year. Unassigned fund balance includes all remaining amounts.

As of the end of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$22,738,282, an increase of \$3,435,973 in comparison with the prior year. Of the total balance, \$2,363,899 is restricted, \$10,736,293 is assigned, and \$9,582,590 is unassigned.

The General Fund is the chief operating fund of the City. At fiscal year end, the General Fund reported total fund balance of \$10,000,854, of which \$55,500 is nonspendable, \$362,764 is restricted, and \$9,582,590 is unassigned.

MURRAY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The Capital Projects Fund has a total fund balance of \$8,689,092, an increase of \$3,849,852 over the prior year. The increase is for planned future capital needs. This fund will continue to increase over the next few years as saving occurs for future capital projects.

Proprietary Funds

Murray City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Fund at the end of the year was \$5,790,925, in the Waste Water Fund \$5,540,806, in the Power Fund \$11,586,526, and in the Storm Water Fund \$1,019,455.

The following funds received capital contributions: Water \$229,519, Waste Water \$65,233, Power \$242,542, and Storm Water \$205,652. These contributions of water and sewer lines, power improvements, and storm water improvements came from developers within the City.

General Fund Budgetary Highlights

The original budget and the final amended budget changed by \$3,435,950, the material changes are summarized as follows:

- A grant from the U.S. Department of Transportation/Federal Highway Administration was received for Highway Planning and Construction for \$1,963,269. The City budgeted an additional \$665,049 to complete the project.
- Budget for the Cottonwood/Winchester Intersection project was appropriated for \$230,744.
- Budget for the road maintenance projects was appropriated for \$105,000.

Other minor increases in appropriations were for miscellaneous items and small grants.

Capital Asset and Debt Administration

Murray City's investment in capital assets for its governmental and business-type activities as of June 30, 2013 was \$147,420,156 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, intangibles, and construction in progress. The total change in Murray City's investment in capital assets for the current fiscal year was a decrease of \$740,613. This represents a decrease of \$733,648 for governmental activities and a \$6,965 decrease for business-type activities. These changes in capital assets will have no effect on the availability of fund reserves for future use.

**MURRAY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Major capital projects and investments during the current fiscal year included the following:

- McGhie Springs well rehabilitation project for approximately \$788,000
- Police cars \$532,000
- Fashion Boulevard water line project approximately \$321,000
- Winchester Storm Drain project approximately \$214,000
- Greenfield Avenue road project approximately \$216,000
- Indoor Pool Slide Tower \$194,000
- Cottonwood and Winchester intersection project approximately \$133,000
- Creekview Drive road project approximately \$129,000
- South Wood Park Restroom renovation project approximately \$174,000

**Murray City's Capital Assets
(Net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
	Land	\$ 13,077,618	\$ 13,077,618	\$ 6,974,069	\$ 6,974,069	\$ 20,051,687
Buildings	19,447,896	20,024,364	1,328,026	1,427,199	20,775,922	21,451,563
Improvements other than buildings	3,595,161	4,265,660	61,228,950	61,288,623	64,824,111	65,554,283
Machinery and equipment	3,746,998	2,989,190	7,288,336	7,146,116	11,035,334	10,135,306
Furniture and fixtures	-	61,420	-	11,774	-	73,194
Infrastructure	26,130,013	26,762,295	-	-	26,130,013	26,762,295
Intangibles	-	-	2,008,029	2,181,245	2,008,029	2,181,245
Construction in progress	536,994	87,781	2,058,066	1,863,415	2,595,060	1,951,196
Total net capital assets	<u>\$ 66,534,680</u>	<u>\$ 67,268,328</u>	<u>\$ 80,885,476</u>	<u>\$ 80,892,441</u>	<u>\$ 147,420,156</u>	<u>\$ 148,160,769</u>

Additional information regarding the City's capital assets can be found in the notes to the financial statements of this report.

At the end of the current fiscal year, Murray City had total bonded debt outstanding of \$32,980,000. All of Murray City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Murray City's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
	Revenue bonds	\$ 8,860,000	\$ 10,365,000	\$ 24,120,000	\$ 25,725,000	\$ 32,980,000

Murray City's bonded debt decreased by \$3,110,000 or 8.62 percent in fiscal year 2013.

MURRAY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The Power Fund retired \$2,660,000 million of electrical revenue bonds with interest ranging from 5% - 5.25%

The Storm Water Fund was authorized to issue \$3,000,000 in Storm Water revenue bonds for various construction projects. The bond's interest rate ranges from 2% - 4%.

Additional information on Murray City's long-term debt can be found in the notes to the financial statements of this report.

Economic Factors and Next Year's Budgets and Rates

In July 2013, the City increased storm water fees by \$.50 per month. The increase will be used to cover capital improvements and debt services costs.

In August 2013, the City increased solid waste fees by \$1 per month for the first garbage and recycling can, and increased the charge for a second can by \$.59 per month. This increase occurred to cover higher solid waste collection fees.

In fiscal year 2013 the State Legislature extended the sales tax hold harmless provision until June 30, 2016. This provision will guarantee a certain level of sales tax revenue for the City for three more years.

The City continues to approach budgeting for revenues conservatively with a focus on long-term sustainability.

Requests for Information

This financial report is designed to provide a general overview of Murray City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 5025 South State Street, Murray City, Utah, 84107.

BASIC FINANCIAL STATEMENTS

MURRAY CITY
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 22,563,731	\$ 21,550,340	\$ 44,114,071
Accounts receivable (net of allowance)	10,449,857	4,651,936	15,101,793
Notes receivable	-	25,220	25,220
Due from other governments	2,805,599	111,150	2,916,749
Inventory	72,521	2,205,872	2,278,393
Prepaid items	68,441	212	68,653
Noncurrent assets:			
Restricted cash	465,932	3,214,520	3,680,452
Notes receivable	-	393,370	393,370
Investments in joint ventures	1,683,796	3,289,869	4,973,665
Capital assets, not being depreciated:			
Land	13,077,618	6,974,069	20,051,687
Construction in progress	536,994	2,058,066	2,595,060
Capital assets, net of accumulated depreciation:			
Buildings	19,447,896	1,328,026	20,775,922
Improvements other than buildings	3,595,161	61,228,950	64,824,111
Machinery and equipment	3,746,998	7,288,336	11,035,334
Infrastructure	26,130,013	-	26,130,013
Intangibles	-	2,008,029	2,008,029
Total assets	104,644,557	116,327,965	220,972,522
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on defeasance	-	131,513	131,513
Total deferred outflows of resources	-	131,513	131,513
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	916,027	3,965,380	4,881,407
Accrued liabilities	1,380,400	298,120	1,678,520
Customer deposits	-	1,160,069	1,160,069
Compensated absences	1,762,490	679,989	2,442,479
Interest payable	53,656	121,197	174,853
Notes payable	-	25,220	25,220
Bonds and leases payable	1,198,548	2,312,000	3,510,548
Noncurrent liabilities:			
Compensated absences	810,063	394,202	1,204,265
Net OPEB payable	613,636	429,627	1,043,263
Notes payable	-	393,370	393,370
Bonds and leases payable	7,853,383	21,894,461	29,747,844
Total liabilities	14,588,203	31,673,635	46,261,838
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows-property taxes	9,818,282	-	9,818,282
Total deferred inflows of resources	9,818,282	-	9,818,282
<u>NET POSITION</u>			
Net investment in capital assets	57,482,749	56,679,015	114,161,764
Restricted	2,363,899	3,214,520	5,578,419
Unrestricted	20,391,424	24,892,308	45,283,732
Total net position	\$ 80,238,072	\$ 84,785,843	\$ 165,023,915

The accompanying notes are an integral part of this statement.

**MURRAY CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Program Revenues</u>			<u>Net (Expense) Revenues and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities							
General government	\$ 7,405,522	\$ 3,089,878	\$ -	\$ -	\$ (4,315,644)	\$ -	\$ (4,315,644)
Public safety	16,355,899	900,293	199,522	-	(15,256,084)	-	(15,256,084)
Highways and public improvements	8,666,544	58,318	4,659,783	625,667	(3,322,776)	-	(3,322,776)
Parks, recreation, and culture	7,538,992	1,616,315	225,890	-	(5,696,787)	-	(5,696,787)
Debt service - interest and fiscal charges	384,433	-	-	-	(384,433)	-	(384,433)
Total governmental activities	<u>40,351,390</u>	<u>5,664,804</u>	<u>5,085,195</u>	<u>625,667</u>	<u>(28,975,724)</u>	<u>-</u>	<u>(28,975,724)</u>
Business-type activities							
Water	4,127,932	5,937,903	-	229,519	-	2,039,490	2,039,490
Waste water	3,353,890	4,196,173	-	65,233	-	907,516	907,516
Power	30,312,585	37,990,725	-	242,542	-	7,920,682	7,920,682
Murray parkway	1,260,353	1,459,838	-	-	-	199,485	199,485
Telecommunication	63,146	66,878	-	-	-	3,732	3,732
Solid waste	1,126,639	1,211,654	-	-	-	85,015	85,015
Storm water	1,918,052	1,757,415	-	205,652	-	45,015	45,015
Total business-type activities	<u>42,162,597</u>	<u>52,620,586</u>	<u>-</u>	<u>742,946</u>	<u>-</u>	<u>11,200,935</u>	<u>11,200,935</u>
			General Revenues:				
			Sales taxes		12,916,025	-	12,916,025
			Property taxes		10,298,590	-	10,298,590
			Franchise taxes		4,993,384	-	4,993,384
			Investment income		202,882	287,195	490,077
			Gain on disposal of assets		94,202	30,452	124,654
			Miscellaneous		277,508	-	277,508
			Transfers - net		3,605,706	(3,605,706)	-
			Total general revenue and transfers		<u>32,388,297</u>	<u>(3,288,059)</u>	<u>29,100,238</u>
			Change in net position		3,412,573	7,912,876	11,325,449
			Net position - beginning		77,384,024	80,098,951	157,482,975
			Prior period adjustment		(558,525)	(3,225,984)	(3,784,509)
			Net position - ending		<u>\$ 80,238,072</u>	<u>\$ 84,785,843</u>	<u>\$ 165,023,915</u>

The accompanying notes are an integral part of this statement.

MURRAY CITY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2013

	Governmental Fund Types				Total Governmental Funds
	General	Capital Projects	Redevelopment Agency	Other Governmental Funds	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 8,496,828	\$ 8,584,035	\$ 2,125,732	\$ 1,684,968	\$ 20,891,563
Receivables, net:					
Property taxes	6,103,260	-	2,339,342	1,486,402	9,929,004
Other	520,853	-	-	-	520,853
Due from other funds	26,536	-	-	-	26,536
Due from other governments	2,779,063	-	-	26,536	2,805,599
Prepaid items	55,500	-	-	-	55,500
Restricted cash	202	200,000	250,000	15,730	465,932
Total assets	17,982,242	8,784,035	4,715,074	3,213,636	34,694,987
<u>LIABILITIES</u>					
Accounts payable	716,401	94,943	19,007	13,068	843,419
Accrued liabilities	1,104,840	-	-	17,683	1,122,523
Due to other funds	-	-	-	26,536	26,536
Total liabilities	1,821,241	94,943	19,007	57,287	1,992,478
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred inflows-ambulance billing	145,945	-	-	-	145,945
Deferred inflows-property taxes	6,014,202	-	2,339,342	1,464,738	9,818,282
Total deferred inflows of resources	6,160,147	-	2,339,342	1,464,738	9,964,227
<u>FUND BALANCE</u>					
Nonspendable	55,500	-	-	-	55,500
Restricted	362,764	638,349	827,056	535,730	2,363,899
Assigned	-	8,050,743	1,529,669	1,155,881	10,736,293
Unassigned	9,582,590	-	-	-	9,582,590
Total fund balances	10,000,854	8,689,092	2,356,725	1,691,611	22,738,282
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 17,982,242	\$ 8,784,035	\$ 4,715,074	\$ 3,213,636	\$ 34,694,987

The accompanying notes are an integral part of this statement.

MURRAY CITY
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

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

Total Fund Balances - Total Governmental Funds	\$ 22,738,282
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	68,218,476
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources.	145,945
Internal service funds are used by management to charge the costs of fleet management and risk management to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	1,389,815
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(12,254,446)</u>
Net Position - Governmental Activities	<u><u>\$ 80,238,072</u></u>

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Fund Types				Total Governmental Funds
	General	Capital Projects	Redevelopment Agency	Other Governmental Funds	
<u>REVENUES</u>					
Sales taxes	\$ 12,916,025	\$ -	\$ -	\$ -	\$ 12,916,025
Property taxes	6,469,064	-	2,237,283	1,592,243	10,298,590
Franchise taxes	4,993,384	-	-	-	4,993,384
Licenses and permits	1,379,566	-	-	-	1,379,566
Intergovernmental	4,340,971	475,000	-	269,224	5,085,195
Administrative fees	3,025,037	-	-	-	3,025,037
Charges for services	2,573,616	-	-	1,310	2,574,926
Fines and forfeitures	1,662,984	-	-	47,328	1,710,312
Miscellaneous	258,687	11,976	-	6,845	277,508
Investment income	137,578	30,681	10,473	15,627	194,359
Total revenues	37,756,912	517,657	2,247,756	1,932,577	42,454,902
<u>EXPENDITURES</u>					
General government	8,544,565	224,213	-	-	8,768,778
Public safety	16,017,663	1,224,816	-	-	17,242,479
Highways and public improvements	6,491,564	784,589	613,362	215,832	8,105,347
Parks, recreation, and culture	5,359,310	751,074	-	1,588,988	7,699,372
Debt service:					
Principal	1,505,000	19,183	-	-	1,524,183
Interest and fiscal charges	396,651	1,802	-	11,286	409,739
Pledge payment - UTOPIA debt service	1,583,543	-	-	-	1,583,543
Total expenditures	39,898,296	3,005,677	613,362	1,816,106	45,333,441
Excess (deficiency) of revenues over (under) expenditures	(2,141,384)	(2,488,020)	1,634,394	116,471	(2,878,539)
<u>OTHER FINANCING SOURCES (USES)</u>					
Capital leases	-	95,795	-	-	95,795
Transfers in	4,620,102	6,267,625	-	34,873	10,922,600
Transfers out	(6,302,498)	(116,250)	(898,146)	-	(7,316,894)
Note payoff proceeds	1,273,743	-	-	-	1,273,743
Sale of capital assets	-	90,702	-	-	90,702
Total other financing sources (uses)	(408,653)	6,337,872	(898,146)	34,873	5,065,946
Net change in fund balance	(2,550,037)	3,849,852	736,248	151,344	2,187,407
Fund balance at beginning of year	11,302,325	4,839,240	1,620,477	1,540,267	19,302,309
Prior period adjustment	1,248,566	-	-	-	1,248,566
Fund balance at end of year	\$ 10,000,854	\$ 8,689,092	\$ 2,356,725	\$ 1,691,611	\$ 22,738,282

The accompanying notes are an integral part of this statement.

MURRAY CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

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

Net change in fund balances - total governmental funds	\$	2,187,407
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.		(729,712)
Revenues in the fund statements that are not recognized in the government-wide statements.		(1,273,743)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,453,694
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		1,646,116
The net revenue of certain activities of the Internal Service Funds are reported with governmental activities		128,811
Change in net position of governmental activities	\$	3,412,573

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<u>REVENUES</u>				
Sales taxes	\$ 12,285,000	\$ 12,387,709	\$ 12,916,025	\$ 528,316
Property taxes	6,390,000	6,487,409	6,469,064	(18,345)
Franchise taxes	4,601,617	4,601,617	4,993,384	391,767
Licenses and permits	1,195,000	1,195,000	1,379,566	184,566
Intergovernmental	1,554,654	4,148,644	4,340,971	192,327
Administrative fees	3,031,251	3,031,251	3,025,037	(6,214)
Charges for services	2,663,700	2,693,700	2,573,616	(120,084)
Fines and forfeitures	1,702,000	1,702,000	1,662,984	(39,016)
Miscellaneous	156,500	185,831	258,687	72,856
Investment income	150,000	150,000	137,578	(12,422)
Total revenues	<u>33,729,722</u>	<u>36,583,161</u>	<u>37,756,912</u>	<u>1,173,751</u>
<u>EXPENDITURES</u>				
General government:				
Legislative	377,912	381,489	310,868	70,621
Justice court	1,516,265	1,522,165	1,479,718	42,447
Mayor	481,545	481,545	465,410	16,135
Finance	544,477	544,477	491,963	52,514
Legal	446,272	440,372	434,894	5,478
Nondepartmental	880,202	975,501	517,924	457,577
Personnel	277,053	277,053	258,996	18,057
Administrative and development Services	4,818,408	4,818,408	4,584,792	233,616
Total general government	<u>9,342,134</u>	<u>9,441,010</u>	<u>8,544,565</u>	<u>896,445</u>
Public safety:				
Police department	10,085,547	10,182,303	9,608,909	573,394
Fire department	6,659,094	6,746,365	6,408,754	337,611
Total public safety	<u>16,744,641</u>	<u>16,928,668</u>	<u>16,017,663</u>	<u>911,005</u>
Highways and public improvements				
Engineering	630,999	630,999	607,628	23,371
Streets and highways	3,153,550	6,197,951	5,778,603	419,348
Shops and garages	95,600	95,600	105,333	(9,733)
Total highways and public improvements	<u>3,880,149</u>	<u>6,924,550</u>	<u>6,491,564</u>	<u>432,986</u>
Parks, recreation, and culture				
Parks and recreation	5,028,660	5,133,673	4,957,819	175,854
Cemetery	402,797	402,797	401,491	1,306
Total parks, recreation, and culture	<u>5,431,457</u>	<u>5,536,470</u>	<u>5,359,310</u>	<u>177,160</u>
Debt service:				
Principal	1,505,000	1,505,000	1,505,000	-
Interest	395,660	396,660	396,651	9
Pledge payment - UTOPIA debt service	1,580,910	1,583,543	1,583,543	-
Total debt service	<u>3,481,570</u>	<u>3,485,203</u>	<u>3,485,194</u>	<u>9</u>
Total expenditures	<u>38,879,951</u>	<u>42,315,901</u>	<u>39,898,296</u>	<u>2,417,605</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Note payoff proceeds	215,000	215,000	1,273,743	1,058,743
Transfers in	4,620,102	4,620,102	4,620,102	-
Transfers out	(2,034,873)	(6,302,498)	(6,302,498)	-
Net other financing sources (uses)	<u>2,800,229</u>	<u>(1,467,396)</u>	<u>(408,653)</u>	<u>1,058,743</u>
Net change in fund balance	(2,350,000)	(7,200,136)	(2,550,037)	4,650,099
Fund balance at beginning of year	11,302,325	11,302,325	11,302,325	-
Prior period adjustment	-	-	1,248,566	1,248,566
Fund balance at end of year	<u>\$ 8,952,325</u>	<u>\$ 4,102,189</u>	<u>\$ 10,000,854</u>	<u>\$ 5,898,665</u>

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2013

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non-Major Enterprise Funds		
<u>ASSETS</u>							
Current assets:							
Cash and cash equivalents	\$ 5,436,934	\$ 2,045,933	\$ 11,669,370	\$ 1,191,012	\$ 1,207,091	\$ 21,550,340	\$ 1,672,168
Accounts receivable (net)	804,110	323,896	3,280,478	134,815	108,637	4,651,936	-
Notes receivable	-	-	-	-	25,220	25,220	-
Due from other funds	164,776	-	-	-	-	164,776	-
Due from other governments	-	111,150	-	-	-	111,150	-
Inventory	-	-	2,121,365	-	84,507	2,205,872	72,521
Prepaid items	-	-	212	-	-	212	12,941
Total current assets	<u>6,405,820</u>	<u>2,480,979</u>	<u>17,071,425</u>	<u>1,325,827</u>	<u>1,425,455</u>	<u>28,709,506</u>	<u>1,757,630</u>
Noncurrent assets:							
Restricted cash	-	132,085	-	3,082,435	-	3,214,520	-
Notes receivable	-	-	-	-	393,370	393,370	-
Investment in joint venture	-	3,289,869	-	-	-	3,289,869	-
Capital assets:							
Land	2,155,313	455,921	1,691,650	2,344,849	326,336	6,974,069	-
Buildings	904,024	949,132	3,410,311	-	797,534	6,061,001	-
Improvements other than buildings	25,395,326	10,691,325	76,102,589	32,791,516	3,734,149	148,714,905	-
Machinery and equipment	3,110,450	1,149,507	12,424,002	1,141,285	926,244	18,751,488	151,134
Intangibles	-	-	4,309,027	-	-	4,309,027	-
Construction in progress	550,926	1,270,950	-	236,190	-	2,058,066	-
Accumulated depreciation and amortization	(14,422,376)	(6,223,356)	(57,884,227)	(22,782,025)	(4,671,096)	(105,983,080)	(99,551)
Total noncurrent assets	<u>17,693,663</u>	<u>11,715,433</u>	<u>40,053,352</u>	<u>16,814,250</u>	<u>1,506,537</u>	<u>87,783,235</u>	<u>51,583</u>
Total assets	<u>24,099,483</u>	<u>14,196,412</u>	<u>57,124,777</u>	<u>18,140,077</u>	<u>2,931,992</u>	<u>116,492,741</u>	<u>1,809,213</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
Deferred charge on defeasance	-	-	131,513	-	-	131,513	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>131,513</u>	<u>-</u>	<u>-</u>	<u>131,513</u>	<u>-</u>
<u>LIABILITIES</u>							
Current liabilities:							
Accounts payable	246,657	99,724	3,273,959	213,585	131,455	3,965,380	72,608
Accrued liabilities	25,229	12,557	218,533	8,940	32,861	298,120	257,877
Due to other funds	-	-	-	-	164,776	164,776	-
Accrued interest payable	25,237	21,523	49,017	25,420	-	121,197	-
Compensated absences	139,994	60,921	368,312	36,985	73,777	679,989	25,575
Notes payable	-	-	-	-	25,220	25,220	-
Bonds payable	284,777	272,223	1,545,000	210,000	-	2,312,000	-
Total current liabilities	<u>721,894</u>	<u>466,948</u>	<u>5,454,821</u>	<u>494,930</u>	<u>428,089</u>	<u>7,566,682</u>	<u>356,060</u>
Noncurrent liabilities:							
Deposits	4,550	-	1,155,519	-	-	1,160,069	-
Compensated absences	81,157	35,317	213,516	21,442	42,770	394,202	11,755
Net OPEB payable	92,071	-	337,556	-	-	429,627	-
Notes payable	-	-	-	-	393,370	393,370	-
Bonds payable	3,150,446	2,811,172	13,040,883	2,891,960	-	21,894,461	-
Total noncurrent liabilities	<u>3,328,224</u>	<u>2,846,489</u>	<u>14,747,474</u>	<u>2,913,402</u>	<u>436,140</u>	<u>24,271,729</u>	<u>11,755</u>
Total liabilities	<u>4,050,118</u>	<u>3,313,437</u>	<u>20,202,295</u>	<u>3,408,332</u>	<u>864,229</u>	<u>31,838,411</u>	<u>367,815</u>
<u>NET POSITION</u>							
Net investment in capital assets	14,258,440	5,210,084	25,467,469	10,629,855	1,113,167	56,679,015	51,583
Restricted for capital	-	110,987	-	3,082,435	-	3,193,422	-
Restricted for debt service	-	21,098	-	-	-	21,098	-
Unrestricted	5,790,925	5,540,806	11,586,526	1,019,455	954,596	24,892,308	1,389,815
Total net position	<u>\$ 20,049,365</u>	<u>\$ 10,882,975</u>	<u>\$ 37,053,995</u>	<u>\$ 14,731,745</u>	<u>\$ 2,067,763</u>	<u>\$ 84,785,843</u>	<u>\$ 1,441,398</u>

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water	Waste Water	Power	Storm Water	Non-Major Enterprise	Total	
	Fund	Fund	Fund	Fund	Funds		
<u>OPERATING REVENUES</u>							
Charges for services	\$ 5,751,056	\$ 3,969,971	\$ 35,304,472	\$ 1,407,953	\$ 2,737,536	\$ 49,170,988	\$ 1,313,575
Connection and servicing fees	12,267	5,540	201,742	-	-	219,549	-
Other	42,410	-	2,370,904	342,327	834	2,756,475	-
Total operating revenues	5,805,733	3,975,511	37,877,118	1,750,280	2,738,370	52,147,012	1,313,575
<u>OPERATING EXPENSES</u>							
Wages and benefits	1,282,363	639,129	4,905,479	525,871	817,655	8,170,497	500,268
Administrative fees	685,828	484,097	1,561,621	30,787	73,778	2,836,111	1,250
Depreciation and amortization	937,972	414,601	3,071,780	1,159,811	166,273	5,750,437	3,936
Operations and maintenance	1,099,971	1,544,748	20,118,069	115,738	1,389,100	24,267,626	687,833
Total operating expenses	4,006,134	3,082,575	29,656,949	1,832,207	2,446,806	41,024,671	1,193,287
Operating income (loss)	1,799,599	892,936	8,220,169	(81,927)	291,564	11,122,341	120,288
<u>NONOPERATING REVENUES (EXPENSES)</u>							
Investment income	40,113	14,884	217,831	9,110	5,257	287,195	8,523
Interest and fiscal charges	(121,798)	(89,193)	(655,636)	(85,845)	(3,332)	(955,804)	-
Impact fees	132,170	220,662	113,607	7,135	-	473,574	-
Equity in income of joint venture	-	(182,122)	-	-	-	(182,122)	-
Gain/(loss) on disposal of assets	5,219	2,390	6,990	13,853	2,000	30,452	-
Total nonoperating revenues (expenses)	55,704	(33,379)	(317,208)	(55,747)	3,925	(346,705)	8,523
Income (loss) before contributions and transfers	1,855,303	859,557	7,902,961	(137,674)	295,489	10,775,636	128,811
Capital contributions	229,519	65,233	242,542	205,652	-	742,946	-
Transfers in	-	-	-	48,750	100,000	148,750	-
Transfers out	(553,028)	(363,911)	(2,723,320)	(114,197)	-	(3,754,456)	-
Change in net position	1,531,794	560,879	5,422,183	2,531	395,489	7,912,876	128,811
Total net position, beginning	18,898,835	10,561,271	34,219,716	14,738,320	1,680,809	80,098,951	1,312,587
Prior period adjustment	(381,264)	(239,175)	(2,587,904)	(9,106)	(8,535)	(3,225,984)	-
Total net position - ending	\$ 20,049,365	\$ 10,882,975	\$ 37,053,995	\$ 14,731,745	\$ 2,067,763	\$ 84,785,843	\$ 1,441,398

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non-Major Enterprise Funds		
Cash flows from operating activities							
Receipts from customers and users	\$ 5,837,744	\$ 3,952,499	\$ 37,926,599	\$ 1,746,928	\$ 2,726,801	\$ 52,190,571	\$ 1,313,575
Payments to suppliers of goods and services	(1,195,259)	(1,643,960)	(20,524,842)	15,796	(1,421,369)	(24,769,634)	(747,144)
Payments to employees for services	(1,271,808)	(635,715)	(4,888,351)	(525,245)	(807,848)	(8,128,967)	(494,082)
Payment for interfund services	(685,828)	(484,097)	(1,561,621)	(30,787)	(73,778)	(2,836,111)	(1,250)
Investments in joint venture	-	(217,565)	-	-	-	(217,565)	-
Net cash provided (used) by operating activities	<u>2,684,849</u>	<u>971,162</u>	<u>10,951,785</u>	<u>1,206,692</u>	<u>423,806</u>	<u>16,238,294</u>	<u>71,099</u>
Cash flows from noncapital financing activities							
Transfers from other funds	-	-	-	48,750	100,000	148,750	-
Transfers to other funds	(553,028)	(363,911)	(2,723,320)	(114,197)	-	(3,754,456)	-
Changes to interfund receivables and payables	40,469	-	-	-	(40,469)	-	-
Net cash provided (used) by noncapital financing activities	<u>(512,559)</u>	<u>(363,911)</u>	<u>(2,723,320)</u>	<u>(65,447)</u>	<u>59,531</u>	<u>(3,605,706)</u>	<u>-</u>
Cash flows from capital and related financing activities							
Proceeds from sale of capital assets	5,219	2,390	6,990	60,397	2,000	76,996	-
Purchases of capital assets	(2,035,321)	(1,500,473)	(699,362)	(701,199)	(110,715)	(5,047,070)	-
Impact fees	132,170	220,662	113,607	7,135	-	473,574	-
Deferred defeasance costs	-	-	(131,513)	-	-	(131,513)	-
Proceeds from issuance of debt	-	-	-	3,107,326	-	3,107,326	-
Principal paid on debt	(256,677)	(153,427)	(4,274,149)	(61,800)	-	(4,746,053)	-
Interest and fiscal charges paid on capital debt	(121,624)	(84,798)	(670,259)	(61,471)	(3,332)	(941,484)	-
Net cash provided (used) by capital and related financing activities	<u>(2,276,233)</u>	<u>(1,515,646)</u>	<u>(5,654,686)</u>	<u>2,350,388</u>	<u>(112,047)</u>	<u>(7,208,224)</u>	<u>-</u>
Cash flows from investing activities							
Investment income	40,113	14,884	217,831	9,110	5,257	287,195	8,523
Net cash provided by investing activities	<u>40,113</u>	<u>14,884</u>	<u>217,831</u>	<u>9,110</u>	<u>5,257</u>	<u>287,195</u>	<u>8,523</u>
Net increase (decrease) in cash and cash equivalents	<u>(63,830)</u>	<u>(893,511)</u>	<u>2,791,610</u>	<u>3,500,743</u>	<u>376,547</u>	<u>5,711,559</u>	<u>79,622</u>
Cash and cash equivalents - beginning of year	<u>5,500,764</u>	<u>3,071,529</u>	<u>8,877,760</u>	<u>772,704</u>	<u>830,544</u>	<u>19,053,301</u>	<u>1,592,546</u>
Cash and cash equivalents - end of year	<u>\$ 5,436,934</u>	<u>\$ 2,178,018</u>	<u>\$ 11,669,370</u>	<u>\$ 4,273,447</u>	<u>\$ 1,207,091</u>	<u>\$ 24,764,860</u>	<u>\$ 1,672,168</u>
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ 1,799,599	\$ 892,936	\$ 8,220,169	\$ (81,927)	\$ 291,564	\$ 11,122,341	\$ 120,288
Adjustments to reconcile operating income to net cash provided by:							
Depreciation and amortization	937,972	414,601	3,071,780	1,159,811	166,273	5,750,437	3,936
Investments in joint ventures	-	(217,565)	-	-	-	(217,565)	-
(Increase) decrease in receivables	32,011	(23,012)	49,481	(3,352)	(11,569)	43,559	-
(Increase) decrease in inventory and prepaid items	-	-	(426,319)	-	994	(425,325)	(9,768)
(Increase) decrease in liabilities	(84,733)	(95,798)	36,674	132,160	(23,456)	(35,153)	(43,357)
Net cash provided by operating activities	<u>\$ 2,684,849</u>	<u>\$ 971,162</u>	<u>\$ 10,951,785</u>	<u>\$ 1,206,692</u>	<u>\$ 423,806</u>	<u>\$ 16,238,294</u>	<u>\$ 71,099</u>
Noncash investing, capital and financing activities							
Capital contributions - developers	\$ 229,519	\$ 65,233	\$ 242,542	\$ 205,652	\$ -	\$ 742,946	\$ -

The accompanying notes are an integral part of this statement.

MURRAY CITY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of Murray City (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Murray City was incorporated January 3, 1903. The City operates under a strong Mayor Council form of government. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable if the City appoints a voting majority of that organization boards or there is a potential to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). The component units discussed below are included as part of the City's reporting entity as blended component units.

The Redevelopment Agency of Murray City (RDA) was established in 1976 to prepare and carry out plans to improve, rehabilitate, and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the Municipal Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The Municipal Building Authority of Murray City (MBA) was established to finance and construct municipal buildings that are then leased to the City. The MBA is governed by a five-member board of trustees composed of the Municipal Council. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the MBA. The MBA is included in these financial statements as the Municipal Building Authority Special Revenue Fund. Separate financial statements are not issued for the MBA.

Government-Wide and Fund Financial Statements

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

MURRAY CITY

NOTES TO THE FINANCIAL STATEMENTS

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City's policy for revenues to be considered available is if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

MURRAY CITY

NOTES TO THE FINANCIAL STATEMENTS

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The Capital Projects Fund accounts for the activities of the City's various construction projects and capital improvements for governmental activities.
- The Redevelopment Agency accounts for activities of the Central Business District, East Vine, Cherry Street, and Smelter Site redevelopment project areas.

The City reports the following major proprietary funds:

- The Power Fund accounts for the activities of the City's electrical production and distribution operations.
- The Water Fund accounts for the activities of the City's water treatment and distribution operations.
- The Waste Water Fund accounts for the operation and maintenance of the City's sewer collection system and sewage treatment.
- The Storm Water Fund accounts for the activities of the City's storm water drainage system.

Additionally, the City reports the following fund types:

Internal Service funds are used by the City to account for the self-insurance activities of the various funds and for the costs of maintaining City owned vehicles and equipment.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources.

MURRAY CITY

NOTES TO THE FINANCIAL STATEMENTS

Cash, Deposits and Investments

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

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

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". In the Power, Water, Wastewater, Storm Water, and Solid Waste Management funds, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled sales receivables for June 30, 2013 were estimated based on an average of June and July revenues less year end system receivables. These amounts were included in operating revenues and accounts receivable at year end. Receivables on the financial statements are shown net of allowance for uncollectible accounts. The allowance adjustment is estimated annually based on historical trends and professional judgment.

Inventories and Prepaid Items

Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection, and treatment systems are valued at cost and accounted for on a first-in, first-out basis (FIFO). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Restricted assets are comprised of cash restricted for future debt service payments and unexpended portions of bonds issued for capital construction.

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life of three years or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Property, plant, equipment, and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Buildings	10 to 40 years
Infrastructure	10 to 40 years
Improvements other than buildings	20 to 40 years
Machinery and equipment	3 to 15 years

Deferred Outflows/inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that is reported under this category, and it is deferred interest from the early retirement of bonds by the Power Fund. This amount will be deferred and amortized until the bond becomes callable.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property taxes levied for calendar year 2013 are the only items that are reporting under this category. These amounts are deferred and recognized as an inflow of resources until a future period.

Customer Deposits

Enterprise fund customer deposits are required by the City for residential renters and any business receiving a utility connection. The deposit is refundable after 2 years for residential and business customers upon satisfactory payment history.

Compensated Absences

For governmental funds, the amount of vested or accumulated vacation leave, sick pay, and comp time that are not expected to be liquidated with available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave, sick pay and comp time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Accumulated sick leave is paid to employees upon termination or retirement, with a limitation of 25 percent of accumulated hours. Historically, compensated absences are paid by the individual funds as they become due, for governmental funds, most of the costs are paid by the general fund.

MURRAY CITY NOTES TO THE FINANCIAL STATEMENTS

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, when incurred. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Murray City adopted GASB 65 which requires issuance costs to be reported as debt service expense or expenditures in the period incurred.

Fund Equity

GASB Statement No. 54 outlined reporting categories for fund balance in governmental funds. The categories and descriptions are as follows:

- Nonspendable Fund Balance – Prepaid expenditures and other similar assets not in a spendable form or that are contractually required to be maintained intact are classified as nonspendable fund balance.
- Restricted Fund Balance – Assets that are constrained by externally imposed restrictions, or by law through constitutional provisions or enabling legislation.
- Committed Fund Balance – Amounts formally designated by City Council through ordinance or resolution for a specific purpose that cannot be used for another purpose unless the City Council formally changes the use.
- Assigned Fund Balance – Amounts constrained by City Council or City Management for a specific purpose normally through the appropriations process in establishing and amending budgets. Furthermore, funds in special revenue, capital project, and permanent funds are by their nature assigned to the purpose for which the resources are collected.
- Unassigned Fund Balance – Amounts that may be used for any governmental purpose.

When an expenditure qualifies to be used from more than one fund balance classification identified above, it is the City's policy to use resources in the following order: restricted, committed, assigned, and then unassigned.

The City has not adopted a formal policy on minimum fund balance. However, state statute requires the City to maintain a minimum fund balance in the general fund of at least 5 percent of total revenues.

Estimates

The preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from those estimates.

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation and are considered by the City to be immaterial.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

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

Capital related items:

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

Cost of capital assets net	\$	66,534,680
Investment in joint venture		1,683,796
Total difference		\$ 68,218,476

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net position. Balances at June 30, 2013 were:

Sales tax revenue bonds	\$	8,860,000
Bond issuance premium		115,319
Capital leases		76,612
Interest payable on long-term debt		53,656
Net OPEB payable		613,636
Compensated absences		2,535,223
Total difference		\$ 12,254,446

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

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

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

Capital outlay	\$	2,967,870
Trade-ins		3,500
Capital contributions		625,667
Depreciation expense		<u>(4,326,749)</u>
Net difference, as reported	\$	<u><u>(729,712)</u></u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Prior to May 1, the Mayor submits to the Municipal Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the proposed sources of revenues.

Between May 1 and June 20, the Municipal Council reviews and adjusts the Mayor’s proposed budget. On or before June 20, a public hearing is held and the budget is legally adopted through passage of a resolution.

After the budget is adopted, the Finance Director may transfer any unencumbered or unexpended appropriation amount from one expenditure account to another within a department. The Municipal Council may, by resolution, transfer any unencumbered or unexpended appropriation amount from one department in a fund to another department within the same fund. Other budget openings occur throughout the year as deemed necessary with public hearing and council approval.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Fund. In the General Fund, budgets are adopted at the functional level and budgetary control is exercised at the departmental level. For Special Revenue Funds, budgets are adopted and control is exercised at the level of total expenditures for each individual fund.

MURRAY CITY

NOTES TO THE FINANCIAL STATEMENTS

Annual budgets for the General Fund, Capital Projects Fund, and all Special Revenue Funds (Municipal Building Authority Fund, Library Fund, Redevelopment Agency Fund, and Community Development Block Grant Fund) were prepared on the modified-accrual method of accounting and legally adopted by the Municipal Council.

Encumbrances (commitments related to unpaid purchase orders or contracts for goods or services) are used only as an internal management control device during the year. All outstanding encumbrances lapse at year end. However, some encumbered amounts are re-authorized and honored as part of the following year's budget.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus budget for governmental funds.

Tax Revenues

Property taxes are collected by the Salt Lake County Treasurer and remitted to the City. Taxes are levied and are due on November 1st and delinquent after November 30th. Delinquent taxes become property liens. An accrual for the current year's property tax levy for the following November and December is made each year.

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

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

NOTE 4 – DEPOSITS AND INVESTMENTS

Utah State law establishes the rules and regulations for deposits and investments and is known as the Utah Money Management Act. The Act established the Money Management Council that promulgates additional rules and determines which financial institutions may qualify to hold deposits and investments for state and local entities. The City has complied with the Utah Money Management Act and the Money Management Council Rules with regard to deposits and investments.

As of June 30, 2013, the City's demand deposits and cash on hand totaled \$7,289,543.

As of June 30, 2013, the City has investments in the Utah Public Treasurer's Investment Fund (PTIF) of \$40,989,724. The PTIF is authorized and regulated by the Money Management Act. Deposits in the PTIF are not insured nor guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF values investments at fair market value at June 30 and December 30 each year in accordance with GASB 31. As of year end, the fair market value of the City's investments in the PTIF was \$41,195,574. However, the PTIF reports to participants on an amortized cost basis, which approximates the fair value at year end.

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2013, \$7,039,543 of the City's \$7,289,543 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. The Utah Money Management Act does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. The Act requires that the City keep deposits in a qualified depository, which the City has done. In addition, \$450,000 of the City's deposits was held in an escrow for purchase of land and land rights.

Custodial Credit Risk - Investments

This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City has no formal policy regarding custodial credit risk for investments. Money invested in the Utah Public Treasurer's Investment Fund (PTIF) is pooled with many other state and local entities, and is managed by the Utah State Treasurer. The PTIF fund has no investment rating.

Interest Rate Risk

This risk occurs when changes in interest rates adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss from changes in interest rates is to follow the Utah Money Management Act and only invest in instruments that mature in one year or less. Investments within the Public Treasurer's Investment Fund have a weighted average maturity of less than 90 days.

Credit Risk

This is the risk that an issuer will not fulfill its obligations. The City policy is consistent with and complies with the Utah State Money Management Act. Investment is limited to U.S. Treasuries, U.S. Government Agency instruments, Utah Public Treasurer's Investment Fund, and other instruments that are rated A or higher by Standard & Poor's or Moody's. The City only invested in the Utah Public Treasurer's Investment Fund and qualified corporate debt securities during the year. The PTIF is not registered with the SEC as an investment company and is unrated.

Concentration of Credit Risk

City policy requires diversification and limits the amount that may be invested in the same company. First, the City may not invest more than 20 percent of its idle funds outside of the Utah Public Treasurer's Investment Fund. Second, not more than 10 percent of the total portfolio may be invested in a single company's credit instruments. The Utah Public Treasurer's Investment Fund is highly diversified and must comply with various rules of the Utah State Money Management Act and Money Management Council.

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

Cash and cash equivalents	\$ 44,114,071
Restricted cash	3,680,452
	<hr/>
	\$ 47,794,523
	<hr/>

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – RECEIVABLES

The City's receivables as of year-end are as follows:

	General	Redevelopment Agency	Water	Waste Water	Power	Storm Water	Nonmajor Funds	Total
Property taxes	\$ 6,103,260	\$ 2,339,342	\$ -	\$ -	\$ -	\$ -	\$ 1,486,402	\$ 9,929,004
Accounts receivable	942,973	-	816,311	334,949	3,436,458	137,936	108,383	5,777,010
Notes receivable	-	-	-	-	-	-	418,590	418,590
Intergovernmental	2,779,063	-	-	111,150	-	-	26,536	2,916,749
Gross receivables	9,825,296	2,339,342	816,311	446,099	3,436,458	137,936	2,039,911	19,041,353
Less: allowance for uncollectibles	(422,120)	-	(12,201)	(11,053)	(155,980)	(3,121)	(2,770)	(607,245)
Net total receivables	\$ 9,403,176	\$ 2,339,342	\$ 804,110	\$ 435,046	\$ 3,280,478	\$ 134,815	\$ 2,037,141	\$ 18,434,108

NOTE 6 – CAPITAL ASSETS

Capital asset governmental activity for the year ended June 30, 2013 was as follows:

Governmental activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 13,077,618	\$ -	\$ -	\$ -	\$ 13,077,618
Construction in progress	87,781	1,107,464	-	(658,251)	536,994
Total capital assets, not being depreciated	13,165,399	1,107,464	-	(658,251)	13,614,612
Capital assets, being depreciated:					
Buildings	31,700,614	251,980	-	40,271	31,992,865
Improvements other than buildings	16,072,009	98,324	-	17,000	16,187,333
Infrastructure	65,868,655	527,343	-	550,971	66,946,969
Machinery and equipment	11,435,408	1,611,926	(1,019,965)	1,010,381	13,037,750
Furniture and fixtures	1,286,618	-	(326,246)	(960,372)	-
Total capital assets being depreciated	126,363,304	2,489,573	(1,346,211)	658,251	128,164,917
Less accumulated depreciation for:					
Buildings	(11,676,250)	(868,719)	-	-	(12,544,969)
Improvements other than buildings	(11,806,349)	(785,823)	-	-	(12,592,172)
Infrastructure	(39,106,360)	(1,710,596)	-	-	(40,816,956)
Machinery and equipment	(8,446,218)	(904,127)	1,019,965	(960,372)	(9,290,752)
Furniture and fixtures	(1,225,198)	(61,420)	326,246	960,372	-
Total accumulated depreciation	(72,260,375)	(4,330,685)	1,346,211	-	(75,244,849)
Total capital assets, being depreciated, (net)	54,102,929	(1,841,112)	-	-	52,920,068
Net governmental capital assets	\$ 67,268,328	\$ (733,648)	\$ -	\$ -	\$ 66,534,680

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

Capital asset business-type activity for the year ended June 30, 2013 was as follows:

Business-type activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 6,974,069	\$ -	\$ -	\$ -	\$ 6,974,069
Construction in progress	1,863,415	3,628,178	-	(3,433,527)	2,058,066
Total capital assets, not being depreciated	<u>8,837,484</u>	<u>3,628,178</u>	<u>-</u>	<u>(3,433,527)</u>	<u>9,032,135</u>
Capital assets, being depreciated:					
Buildings	6,061,001	-	-	-	6,061,001
Improvements other than buildings	144,471,674	964,466	(140,614)	3,419,379	148,714,905
Machinery and equipment	18,740,025	1,197,372	(1,200,057)	14,148	18,751,488
Furniture and fixtures	546,542	-	(546,542)	-	-
Intangibles	4,309,027	-	-	-	4,309,027
Total capital assets, being depreciated	<u>174,128,269</u>	<u>2,161,838</u>	<u>(1,887,213)</u>	<u>3,433,527</u>	<u>177,836,421</u>
Less accumulated depreciation for:					
Buildings	(4,633,802)	(99,173)	-	-	(4,732,975)
Improvements other than buildings	(83,183,051)	(4,443,518)	140,614	-	(87,485,955)
Machinery and equipment	(11,593,909)	(1,022,756)	1,153,513	-	(11,463,152)
Furniture and fixtures	(534,768)	(11,774)	546,542	-	-
Intangibles	(2,127,782)	(173,216)	-	-	(2,300,998)
Total accumulated depreciation and amortization	<u>(102,073,312)</u>	<u>(5,750,437)</u>	<u>1,840,669</u>	<u>-</u>	<u>(105,983,080)</u>
Total capital assets, depreciated (net)	<u>72,054,957</u>	<u>(3,588,599)</u>	<u>(46,544)</u>	<u>-</u>	<u>71,853,341</u>
Net business-type capital assets	<u>\$ 80,892,441</u>	<u>\$ 39,579</u>	<u>\$ (46,544)</u>	<u>\$ -</u>	<u>\$ 80,885,476</u>

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

Governmental activities:	
General government	\$ 764,063
Public safety	869,360
Highways and public improvements	1,871,644
Parks, recreation, and culture	<u>825,618</u>
Total depreciation expense - governmental activities	<u>\$ 4,330,685</u>
Business-type activities:	
Water	\$ 937,972
Waste Water	414,601
Storm Water	1,159,811
Power	3,071,780
Murray Parkway Recreation	<u>166,273</u>
Total depreciation expense - business-type activities	<u>\$ 5,750,437</u>

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2013, interfund balances due to or from other funds was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	CDBG	26,536
Water	Murray Parkway Recreation	164,776
		<u>\$ 191,312</u>

Interfund loans are generally for working capital requirements and are expected to be repaid within the next few fiscal years. In fiscal year 2012 the Murray Parkway Recreation Fund received a loan from the Water fund for \$205,245 for the purchase of golf carts. The loan is for five years at 2.5 percent interest.

In addition to the above amounts which will be repaid by the respective funds, transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2013 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
Water	General	\$ 536,778
Waste Water	General	347,661
Storm Water	General	114,197
Power	General	2,723,320
Redevelopment Agency	General	898,146
General	MBA	1,000
General	Cemetery Perpetual Care	33,873
General	Capital Projects	6,267,625
Water	Storm Water	16,250
Waste Water	Storm Water	16,250
Capital Projects	Storm Water	16,250
Capital Projects	Murray Parkway Recreation	100,000
		<u>\$ 11,071,350</u>

The City commonly budgets transfers to various funds to finance capital and operating costs. The City also uses an operational transfer from the enterprise funds to the general fund; this amount will not be repaid and is considered a return on investment.

MURRAY CITY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – INVESTMENTS IN JOINT VENTURES

The City is a participant in several joint ventures that generate financial resources through member assessments, surcharge taxes, or user fees. The City reflects its equity position (in the net resources of the joint ventures) in the funds which have the rights to such resources.

Trans-Jordan Cities

The City has an approximate 8.62 percent ownership share in the Trans-Jordan Cities (the Association) joint enterprise. The City's equity in the net resources of the Association at June 30, 2012, is reported in the government-wide statement of net position. The Association was organized in 1968 as a joint enterprise fund of the Cities of Sandy, Midvale, West Jordan, and Murray, Utah. The City of South Jordan, Utah joined the Association during fiscal year 1997. The cities of Draper and Riverton, Utah joined the Association during fiscal year 1998. The primary purpose of the Association is the operation, maintenance, and control of a refuse dumping site east of Bingham Canyon in Salt Lake County. The City has no firm commitments to make additional equity investments in Trans-Jordan Cities. The City's ownership in the Association is calculated from the tipping fees for the preceding ten fiscal years. Tipping fees are paid from the solid waste fund and were \$173,316 for fiscal year 2013.

The Association is governed by its Board of Directors. Under the organization agreement, the Board of Directors is composed of the Mayors, or their appointed representatives, of the participating cities. The Board of Directors appoints the management and staff of the Association and approves all financial matters such as the operating budget and usage fees.

Separate audited financial statements for Trans-Jordan Cities may be obtained from Trans-Jordan Cities, Accounting Department at 10873 South 7200 West, South Jordan, UT 84095.

Central Valley Water Reclamation Facility

The Waste Water Fund (an enterprise fund) has an approximate 5.7 percent ownership in the Central Valley Water Reclamation Facility (the Facility). The Facility, a separate legal entity and political subdivision of the State of Utah, was formed pursuant to the Utah Interlocal Co-operation Act. The Facility's membership consists of five special-purpose government entities and two cities. The Facility was formed to plan, construct and operate a regional sewage treatment facility for the benefit of the seven members. Members of the Facility are required to pay their proportionate share of monthly operating costs, construction costs, maintenance, and administrative costs. The Facility is governed by its Board of Directors. Under the Organization Agreement, all seven members (one of whom is the City), are entitled to designate one of the Facility's seven directors. The City's share of operations, maintenance, administration expenses, and debt service amounted to \$1,186,870 in 2013. The Waste Water Fund made a net contribution of \$158,276 to the Facility in 2013 and recorded a (\$182,122) loss in joint venture resulting in a net decrease in its investment in the Facility of (\$23,846).

During 2005, the Facility issued \$35,000,000 of revenue bonds. The City's share of the total outstanding obligation at December 31, 2012 is \$2,568,220. The City is required to fund its proportionate share of debt service each year, which is included in the City's assessment from the Facility.

Separate compiled financial statements for Central Valley Water Reclamation Facility may be obtained from the Central Valley Water Reclamation Facility Accounting Department at 800 West Central Valley Road, Salt Lake City, UT 84119.

MURRAY CITY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – INTERLOCAL AGREEMENTS

Utah Associated Municipal Power System (UAMPS)

The Power Department is a member of the Utah Associated Municipal Power Systems (UAMPS). UAMPS, a joint action agency and political subdivision of the State of Utah, was formed by an Organization Agreement dated November 6, 1980, pursuant to the provisions of the Utah Interlocal Co-operation Act. UAMPS' membership consists of 34 municipalities, one joint action agency, one electric service district and one water conservancy district.

UAMPS is a legally separate entity, which possesses the ability to establish its own budget, incur debt, sue and be sued, and own and lease property. No other governmental units in Utah exercise significant control over UAMPS. As such, UAMPS is not a component unit as defined by the Governmental Accounting Standards Board in their Statement No. 14, "The Financial Reporting Entity."

UAMPS' purpose includes planning, financing, developing, acquiring, constructing, improving, operating, and maintaining projects. In addition, UAMPS acquires ownership interests and capacity rights, for generation, transmission, and distribution of electric energy for the benefit of its members.

As a member of UAMPS, the City has participated in various individual projects. The City acquired for \$45,662 an approximate five percent interest in the Hunter II Power Plant project. During the year ended June 30, 1990, the City acquired an approximate ten percent entitlement in UAMPS' share of a transmission service project from Craig, Colorado to Mona, Utah (the Craig-Mona project) for \$1,805,428. The City acquired an additional 1.6 megawatts of plant capacity in the San Juan Generating Station Unit 4 for \$1,953,599 during 1994. During the year ended June 30, 2009, the City acquired an interconnection with Granger Electric at their electric generating facility in South Jordan for \$550,000. These entitlement payments represent prepayment of future generation fees for the projects and are being amortized over the lives of the service contracts. The unamortized balance of prepaid generation and transmission fees at June 30, 2013 is \$2,008,029, reported as an intangible asset.

Under various power sales contracts, UAMPS' members are required to pay their proportionate share of all operation and maintenance expenses and debt service on the revenue bonds issued by UAMPS, and any other energy-related costs, as defined in the contract regardless of whether any power is supplied to the Power Fund. The City has no firm commitments to make additional equity investments in UAMPS or in any specified projects of UAMPS.

Under the organization agreement, the four members with the greatest financial obligations to UAMPS, one of which is the City, are each entitled to designate one of UAMPS' directors. All other directors are selected from the representatives of the remaining UAMPS members.

Separate financial statements for UAMPS may be obtained from the Manager of Finance at 2825 East Cottonwood Parkway, Suite #200, Salt Lake City, UT 84121.

MURRAY CITY

NOTES TO THE FINANCIAL STATEMENTS

Valley Emergency Communications Center

The City is a member of the Valley Emergency Communications Center (the Center). The Center was organized June 30, 1988, as a joint enterprise between the City, Midvale City, Salt Lake County, Sandy City, South Jordan City, West Jordan City, and West Valley City. The primary purpose of the Center is to fund and operate a communications center which handles communications and other services for the members, including police, fire, 911 service, dispatch, and records services.

The Center is governed by a Board of Trustees consisting of one representative from each member appointed by the governing body thereof. The Center's activities are funded by a surcharge tax on telephones within each member's city and member assessments. The Board of Trustees sets assessments for all member agencies in amounts sufficient to provide the funds required for the annual budget. The Center determines the 911 assessments for the telephone users within the members' jurisdictions.

Separate audited financial statements for Valley Emergency Communications Center may be obtained from the Finance Director at 5360 South 5885 West, West Valley City, UT 84118.

Drug Enforcement Administration - Metro Task Force

The City is a member and lead agency of the Drug Enforcement Administration (DEA) Metro Task Force (the Task Force). The Task Force is an interlocal co-operative organized to investigate and prosecute controlled substance offenders in the Salt Lake metropolitan area. The membership of the Task Force consists of sixteen Federal, State, County and Municipal law enforcement agencies. Activities of the Task Force are funded through federal and state grants, with no funds being provided by the participating members.

Separate audited financial statements for DEA-Metro Task Force may be obtained from Murray City, Finance Department 5025 South State Street, Murray, UT 84157-0520.

Utah Infrastructure Agency (UIA)

On June 7, 2010, the City joined 8 other cities in an interlocal cooperative to purchase, lease, construct or equip facilities that are designed to provide telecommunication services within the respective cities. This agreement was amended and restated on November 1, 2010. The purpose of the agreement is to work in conjunction with Utah Telecommunications Open Infrastructure Agency (UTOPIA) to complete a wholesale fiber optic network for the residences and businesses in each city (see note on UTOPIA pledge and loan agreement).

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – CAPITAL LEASES

The City has entered into lease agreements, as lessee, for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

Capital Asset	Original Principal	Interest Rates	Historic Cost	Accumulated Depreciation
IBM Server	\$ 95,795	2.480%	\$ 95,795	\$ 15,966

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

June 30,	Totals
2014	\$ 25,183
2015	25,183
2016	25,183
2017	4,195
Total minimum lease payments	79,744
Less: interest portion	(3,132)
Present value of minimum lease payments	76,612
Amount due within one year	(23,548)
Amount due after one year	<u>\$ 53,064</u>

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – LONG-TERM DEBT

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds. During fiscal year 2012 the City authorized the Waste Water Fund to issue bonds in the amount of \$2,626,000, but as of June 30, 2013 only \$1,030,000 was issued. In addition, during fiscal year 2013 the City authorized the Storm Water Fund to issue bonds in the amount of \$3,000,000.

Revenue bonds outstanding at June 30, 2013 by issue are as follows:

Bond Description	Original Issue	Annual Principal	Interest Rate	Final Due Date	Amount
Water/Sewer Series 2003 - partial defeasance	\$ 8,500,000	\$305,000 to \$630,000	2.00% to 5.25%	10/1/2023	\$ 805,000
Electric Series 2004	9,300,000	\$305,000 to \$685,000	3.00% to 5.25%	6/1/2025	3,775,000
Electric Series 2006	9,700,000	\$15,000 to \$1,500,000	4.00% to 5.00%	6/1/2021	9,435,000
Electric Series 2011	3,140,000	\$1,020,000 to \$1,070,000	1.90%	6/1/2014	1,070,000
Water/Sewer Series 2012	5,070,000	\$60,000 to 600,000	2.575%	10/1/2023	5,005,000
Sewer Series 2012	2,626,000	\$102,000 to 165,000	2.5%	10/1/2032	1,030,000
Storm Water 2013	3,000,000	\$110,000 to 215,000	2.00% to 4.00%	2/1/2033	3,000,000
Sales Tax Series 2007	9,990,000	\$710,000 to \$875,000	3.75% to 5.000%	12/1/2020	5,245,000
Sales Tax Series 2009A	4,580,000	\$275,000 to \$405,000	3.00% to 4.40%	4/1/2023	3,075,000
Sales Tax Series 2009B	1,535,000	\$235,000 to \$275,000	3.00% to 3.75%	4/1/2015	540,000
	<u>\$ 57,441,000</u>				<u>\$ 32,980,000</u>

Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2014	\$ 3,487,000	\$ 1,181,013	\$ 4,668,013
2015	3,624,000	1,079,772	4,703,772
2016	3,445,000	933,149	4,378,149
2017	3,392,000	792,418	4,184,418
2018	3,541,000	667,899	4,208,899
2019 - 2023	13,361,000	1,414,021	14,775,021
2024 - 2028	1,305,000	185,350	1,490,350
2029 - 2033	825,000	75,750	900,750
	<u>\$ 32,980,000</u>	<u>\$ 6,329,372</u>	<u>\$ 39,309,372</u>

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

Advance Refunding

The City advance refunded \$4,680,000 of the Water and Sewer Bonds Series 2003 in fiscal year 2012. The debt remains outstanding until October 1, 2014. The original amount issued was \$8,500,000.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
<u>Governmental activities</u>					
Bonds payable:					
Sales tax	\$ 10,365,000	\$ -	\$ (1,505,000)	\$ 8,860,000	\$ 1,175,000
Premium	133,143	-	(17,824)	115,319	-
Total bonds payable	10,498,143	-	(1,522,824)	8,975,319	1,175,000
Capital leases	-	95,795	(19,183)	76,612	23,548
Compensated absences	2,338,890	2,078,929	(1,845,266)	2,572,553	1,762,490
Net OPEB payable	2,521,200	-	(1,907,564)	613,636	-
Governmental activities, long-term liabilities	<u>\$ 15,358,233</u>	<u>\$ 2,174,724</u>	<u>\$ (5,294,837)</u>	<u>\$12,238,120</u>	<u>\$ 2,961,038</u>
<u>Business-type activities</u>					
Bonds payable:					
Revenue bonds payable	\$ 25,725,000	\$ 3,000,000	\$ (4,605,000)	\$24,120,000	\$ 2,312,000
Deferred loss	(351,278)	-	29,896	(321,382)	-
Premium	415,032	107,326	(114,515)	407,843	-
Total bonds payable	25,788,754	3,107,326	(4,689,619)	24,206,461	2,312,000
Capital leases	56,434	-	(56,434)	-	-
Compensated absences	1,032,661	960,567	(919,037)	1,074,191	679,989
Net OPEB payable	823,357	-	(393,730)	429,627	-
Business-type activities, long-term liabilities	<u>\$ 27,701,206</u>	<u>\$ 4,067,893</u>	<u>\$ (6,058,820)</u>	<u>\$25,710,279</u>	<u>\$ 2,991,989</u>

NOTE 12 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's Retained Risk Reserve Fund (an internal service fund) accounts for and accumulates resources for uninsured loss. Under this program, the Retained Risk Reserve Fund (the Fund) provides coverage for up to a maximum of \$250,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

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

The City is a participant of the Intermountain Power Agency (IPA), a separate legal entity established under the guidelines of the Utah Interlocal Co-operation Act. The IPA operates a power production plant near Delta, Utah for the benefit of its members. IPA has approximately \$5.1 billion of revenue bonds that are paid from the revenues received from participant charges. Under the terms of its original contract with IPA, the City is entitled and obligated to purchase four percent of the plant’s power output. However, under a subsequent excess power sales agreement, the City transferred its power entitlement to certain California purchasers for the duration of the project unless the City recalls any or all of the entitlement. In recent years, the City sold most of its entitlement to the California purchasers. The City is liable for operating expenses and repayment of the outstanding bonds only in the event of a prolonged power outage (in excess of 24 months) and/or failure to perform under the agreement on the part of each of the California participants.

Commitments

Construction

The City has active construction commitments with street, water line, waste water line, and storm drain projects as of June 30, 2013. At year end, the City’s commitments with contractors are as follows:

<u>Project Type</u>	<u>Spent-to-Date</u>	<u>Remaining commitment</u>
Street construction	\$ 36,651	\$ 384,896
Water line construction	252,867	252,136
Waste water line construction	1,255,269	178,079
Storm drain construction	94,045	283,616

MURRAY CITY

NOTES TO THE FINANCIAL STATEMENTS

Utah Telecommunication Open Infrastructure Agency (UTOPIA)

The City entered into a Pledge and Loan Agreement with UTOPIA. UTOPIA is an interlocal cooperative created to finance, construct and operate a system of fiber optic communication lines in various cities in the state. UTOPIA leases use of the fiber optic system to retail vendors of telephone, video, and internet services. The pledge commits the City to set aside and deposit funds as security in a debt service fund for the portion of the project related to the City. Sales and use tax revenues have been pledged towards the payment of the City's share of the debt service reserve fund requirement if withdrawals were made by the Trustee to make bond payments; however, the pledge is junior to any previously pledged sales and use tax revenue. On July 1, 2007, the City was required to deposit \$1,235,039 into the UTOPIA Series 2004 Bond Debt Service Reserve Fund. These funds will remain on deposit until the sooner of the bonds being retired or 33 years from June 2, 2008. The City may, if additional bonds are issued, be required to deposit additional funds into a bond debt service reserve fund. The timing of these additional pledged deposits depends on the timing of additional bond issues.

In June 2008, the City entered into an Amended and Restated Pledge and Loan Agreement as part of a restructuring of UTOPIA debt. The City pledged sales and use tax revenue towards its share of any debt service fund shortfall.

In January 2010, the Trustees of the UTOPIA bond funds notified the City that part of UTOPIA's Debt Service Reserve Fund was used to make the required bond payments. The City has received similar notices each month since this original notice mentioned above. The City understands that these withdrawals will continue for an undetermined period of time and that applicable monthly replenishment payments will be required of the City for its share of the amounts withdrawn from the debt service reserve fund since January 2011.

According to the Amended and Restated Pledge and Loan Agreement, the amounts withdrawn from the City's share of the Debt Service Reserve fund becomes a loan to UTOPIA. It is currently unclear as to when UTOPIA will be in a position to repay the loan.

In December 2011, UTOPIA completed a second amended and restated pledge and loan agreement with its member cities. This change occurred so that UTOPIA could refund the Series 2008 Bonds. This reduced UTOPIA's market risk and administrative costs. This also drew down the restricted money that had been set aside for UTOPIA's Series 2004 Debt Service Reserve Fund. This amendment also helps assure that money will be available to make timely debt service payments since the member cities pay directly into the Debt Service fund and are no longer paying into the Debt Service Reserve fund. The maximum amount committed by the City for year ended June 30, 2013 was \$1,583,543, with a 2 percent increase per year through 2040. The total debt service payments paid by the City as of June 30, 2013 is \$5,188,186. The amount paid by the City is a loan to UTOPIA, but as the likelihood of it being re-paid in the near future is remote the City has decided to disclose this amount rather than record this loan on its financial statements. UTOPIA's total bonded debt as of June 30, 2013 is \$184,996,270 of which the City is responsible for 12.30 percent or \$22,754,541.

Last, the City has previously recorded restricted fund balance for future UTOPIA debt service payments. Since no money has been received and no money is in a debt service reserve account the City has discontinued restricting fund balance as there is no money to restrict.

MURRAY CITY

NOTES TO THE FINANCIAL STATEMENTS

Utah Infrastructure Agency (UIA)

On May 1, 2011, the City entered into a “Communication Service Contract” with UIA to provide connections to a fiber optic network for the residences and businesses of the City. The agreement obligates the City to financially support UIA if UIA revenues are insufficient to pay operational and debt payments. The City has obligated up to \$690,241 of its annual franchise tax revenue for this support. UIA’s total bonded debt as of June 30, 2013 is \$28,835,000 of which the City is responsible for 13.40 percent or \$3,863,890.

The service contract also provides that the City will bill and collect connection service fees from the end users located in the City on behalf of UIA. The City is entitled to 5 percent of the fee for administrative costs and the remaining 95 percent is due to UIA. The City becomes a signatory party to the end user agreement, along with UIA and the end user. The City is responsible for collection of the user fees stipulated in the agreement should the end user default.

NOTE 14 – CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds (IRBs) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City and the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2013, there have been ten series of Industrial Revenue Bonds issued. The aggregate principal amount payable could not be determined; however, their original issue amounts totaled \$97 million.

NOTE 15 – REDEVELOPMENT AGENCY

In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling \$2,237,283 was generated. Of this amount, the RDA was required to pay \$400,000 to the Murray School District. There is no outstanding debt of the RDA at June 30, 2013; however, the RDA has agreed to make payments on the Series 2009A and 2009B sales tax bonds.

During the year ended June 30, 2013, funds expended by the RDA were limited to the categories of debt service and administration costs. Administrative costs totaled \$661,262 and debt service payments totaled \$850,246 for the year.

NOTE 16 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

The City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System for Employers with Social Security Coverage, and the Fire Fighters Retirement System for Employers without Social Security Coverage, (hereafter referred to cumulatively as the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes.

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

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

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

Funding Policy

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer for the employee) to the respective systems to which they belong; 6 percent to the Local Government Contributory Retirement System and 15.05 percent to the Firefighters Retirement System. The City is required to contribute a percent of members' annual covered salary to the respective systems; 12.03 percent to the Local Government Contributory Retirement System, 16.04 percent to the related Noncontributory Retirement System, 30.45 percent to the Public Safety Noncontributory Retirement System, and 2.66 percent to the Firefighters Retirement System. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions in dollars to each of the Systems for the years ending June 30, 2013, 2012 and 2011, were equal to the required contributions for each year. The contribution amounts are as follows:

	2013	2012	2011
Local Governmental Contributory Retirement System	\$ 178,865	\$ 139,373	\$ 149,231
Local Governmental Noncontributory Retirement System	1,958,863	1,647,739	1,823,498
Public Safety Retirement System for Employers with Social Security Coverage	1,061,989	983,825	1,030,602
Firefighters Retirement System	565,429	491,798	569,058

Deferred Compensation Plan

Under the URS, the City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City discontinued matching contributions to this plan in 2003.

MURRAY CITY

NOTES TO THE FINANCIAL STATEMENTS

Defined Contribution Plans

The 401(k) plan provided by URS is a multiple-employer defined contribution plan. All employees of the City who participate in the URS contributory, noncontributory, or fire fighters system are eligible to participate in the plan. Employees are immediately 100 percent vested in their contributions to the plan. Employee contributions to the 401(k) plan and the Deferred Compensation Plan are voluntary. Employer contributions are also voluntary and are intended to standardize the contribution rates for all full time employees participating in the URS. The City's contributions to the 401(k) plan were \$756,820, \$720,372, and \$786,237 for the years ended June 30, 2013, 2012 and 2011, respectively.

In addition to the URS plans, the City also participates in a 401 (a) plan provided by International City Management Association, a multiple-employer defined contribution plan. Only elected or appointed employees of the City are eligible to participate in this plan. Employees are fully vested upon contribution to the plan. Currently, there are three employees who participate in the plan. The City contributes to the plan on behalf of the employee. Employees are not eligible to make contributions. The contribution requirement for the year ended June 30, 2013 was \$50,796.

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS

For employees who retired prior to September 30, 2011, the City provided post-retirement health care benefits (OPEB) in accordance with City policy. Currently there are 36 retirees who qualified. The City pays 50 percent of the retirees' health care insurance premiums for the first 18 months with the remaining 50 percent paid by the retirees on a pay-as-you-go basis. After 18 months, the City pays 20 to 30 percent of the premium, depending on the retiree's years of service. This postemployment benefit is available until the retiree reaches the age of 65 at which time they are no longer eligible to participate. Terminated employees under the COBRA act are allowed to purchase the same insurance policy at their own expense for a period of 18 months. The City paid \$132,884 in premiums for retirees during the fiscal year ended June 30, 2013. For governmental funds, most of the costs are paid by the general fund.

From October 1, 2011 to March 31, 2013, retirees could stay on the City health insurance plan at their own expense until age sixty-five. On April 1, 2013, the City discontinued its OPEB plan and will no longer have new retirees on its health insurance plan except for 18 month COBRA period. This change greatly decreased the OPEB liability.

The City does not prepare separate financial statements for the OPEB plan. The single-employer plan is administered by the City. Policy for the City's OPEB plan is set and amended by the Mayor.

The following table shows the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 356,484
Adjustments to annual required contribution	<u>(223,600)</u>
Annual OPEB cost (expense)	132,884
Contributions made	<u>(132,884)</u>
Increase in net OPEB obligation	-
Net OPEB obligation beginning of year	3,344,557
Decrease from OPEB plan discontinuation	<u>(2,301,294)</u>
Net OPEB obligation end of year	<u><u>\$ 1,043,263</u></u>

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Year Ended	Annual Required Contribution	OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 321,831	30.7%	\$ 3,213,233
June 30, 2012	331,193	39.9%	3,344,557
June 30, 2013	356,484	37.3%	1,043,263

The City used an alternative measurement method to estimate the OPEB liability. The method uses the retiree premiums from June 2013 and projected out the future liability with an 8 percent growth rate. This growth rate is comparable to the City historical insurance rate increases. With no future plan additions, the only change in the liability occurs when retirees discontinue coverage or reach age 65.

NOTE 18 – FUND BALANCE

Financial statement fund balance category details are as follows:

Fund	General	Capital Projects	Redevelopment Agency	Other Governmental funds	Total
Nonspendable					
Prepays	\$ 55,500	\$ -	\$ -	\$ -	\$ 55,500
Restricted					
Beer tax	78,890	-	-	-	78,890
Class C	268,374	-	-	-	268,374
Historic smelter	15,500	-	-	-	15,500
Escrow account	-	200,000	250,000	-	450,000
State allowance	-	438,349	-	-	438,349
Library endowment	-	-	-	15,730	15,730
Low income housing	-	-	577,056	-	577,056
Cemetery perpetual care	-	-	-	520,000	520,000
Assigned					
Library	-	-	-	314,520	314,520
Capital projects	-	8,050,743	-	-	8,050,743
Redevelopment	-	-	1,529,669	-	1,529,669
Municipal building authority	-	-	-	1,768	1,768
Cemetery	-	-	-	839,593	839,593
Unassigned	9,582,590	-	-	-	9,582,590
Total	\$ 10,000,854	\$ 8,689,092	\$ 2,356,725	\$ 1,691,611	\$ 22,738,282

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 19 – PRIOR PERIOD ADJUSTMENTS

The City adopted GASB 65. This statement says debt issuance costs should be recognized as an expense/expenditure in the period incurred. As the City had previously recorded issuance costs as assets, these costs were adjusted to beginning net position as GASB 65 suggested. This resulted in a decrease of \$558,525 to beginning net position for governmental activities on the government-wide statement of net position. For proprietary funds, this resulted in a decrease of \$774,426 to beginning net position.

GASB 65 also requires revenues that are not available to be recorded as deferred inflows. This resulted in a decrease in fund balance of \$145,945. This adjustment was reversed at the entity wide statement.

The City changed from a 45 day to 60 day availability policy in fiscal year 2013. This resulted in an increase to fund balance of \$1,394,511. This change was made to be consistent with industry standards.

The City changed the way it estimates unbilled sales for its utility funds in fiscal year 2013. This resulted in a \$2,451,558 decrease in net position. This change will more accurately report accounts receivable totals.

NOTE 20 – SUBSEQUENT EVENT

Management for Utah Infrastructure Agency (UIA) stated in September meeting minutes that it is possible they will need the member cities to contribute towards their debt service requirements. As Murray City has guaranteed UIA's debt, this could have a financial impact on the City.

UIA issued \$11,205,000 of franchise tax revenue bonds in July 2013. The City's share is 13.40 percent which equals \$1,477,350.

SUPPLEMENTARY INFORMATION

MURRAY CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>Special Revenue</u>			<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Municipal Building Authority</u>	<u>Library Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Cemetery Perpetual Care Fund</u>	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,768	\$ 323,607	\$ -	\$ 1,359,593	\$ 1,684,968
Receivables:					
Property taxes	-	1,486,402	-	-	1,486,402
Due from other governments	-	-	26,536	-	26,536
Restricted cash	-	15,730	-	-	15,730
Total assets	<u>1,768</u>	<u>1,825,739</u>	<u>26,536</u>	<u>1,359,593</u>	<u>3,213,636</u>
<u>LIABILITIES</u>					
Accounts payable	-	13,068	-	-	13,068
Accrued liabilities	-	17,683	-	-	17,683
Due to other funds	-	-	26,536	-	26,536
Total liabilities	<u>-</u>	<u>30,751</u>	<u>26,536</u>	<u>-</u>	<u>57,287</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred inflows-property taxes	-	1,464,738	-	-	1,464,738
Total deferred inflows of resources	<u>-</u>	<u>1,464,738</u>	<u>-</u>	<u>-</u>	<u>1,464,738</u>
<u>FUND BALANCE</u>					
Restricted	-	15,730	-	520,000	535,730
Assigned	1,768	314,520	-	839,593	1,155,881
Total fund balances	<u>1,768</u>	<u>330,250</u>	<u>-</u>	<u>1,359,593</u>	<u>1,691,611</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,768</u>	<u>\$ 1,825,739</u>	<u>\$ 26,536</u>	<u>\$ 1,359,593</u>	<u>\$ 3,213,636</u>

The accompanying notes are an integral part of this statement.

MURRAY CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue		Permanent		Total Nonmajor Governmental Funds
	Municipal Building Authority	Library Fund	Community Development Block Grant Fund	Cemetery Perpetual Care Fund	
<u>REVENUES</u>					
Property taxes	\$ -	\$ 1,592,243	\$ -	\$ -	\$ 1,592,243
Intergovernmental	-	53,402	215,822	-	269,224
Charges for services	-	-	-	1,310	1,310
Fines and forfeitures	-	47,328	-	-	47,328
Investment income	1	6,964	-	8,662	15,627
Miscellaneous	-	6,845	-	-	6,845
Total revenues	1	1,706,782	215,822	9,972	1,932,577
<u>EXPENDITURES</u>					
Highways and public improvements	10	-	215,822	-	215,832
Parks, recreation, and culture	-	1,588,988	-	-	1,588,988
Debt service:					
Interest and fiscal charges	-	11,286	-	-	11,286
Total expenditures	10	1,600,274	215,822	-	1,816,106
Excess of revenues over (under) expenditures	(9)	106,508	-	9,972	116,471
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	1,000	-	-	33,873	34,873
Transfers out	-	-	-	-	-
Total other financing uses	1,000	-	-	33,873	34,873
Net change in fund balance	991	106,508	-	43,845	151,344
Fund balance, beginning of year	777	223,742	-	1,315,748	1,540,267
Fund balance, end of year	\$ 1,768	\$ 330,250	\$ -	\$ 1,359,593	\$ 1,691,611

The accompanying notes are an integral part of this statement.

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
MUNICIPAL BUILDING AUTHORITY – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Investment income	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
<u>EXPENDITURES</u>				
Highways and public improvements	1,000	1,000	10	990
Total expenditures	1,000	1,000	10	990
Excess (deficiency) of revenues over (under) expenditures	(1,000)	(1,000)	(9)	991
<u>OTHER FINANCING SOURCES</u>				
Transfers in	1,000	1,000	1,000	-
Total other financing sources	1,000	1,000	1,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	991	<u>\$ 991</u>
Fund balance at beginning of year			777	
Fund balance at end of year			<u>\$ 1,768</u>	

The accompanying notes are an integral part of this statement.

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
LIBRARY FUND – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Property taxes	\$ 1,555,000	\$ 1,587,160	\$ 1,592,243	\$ 5,083
Intergovernmental	12,000	53,639	53,402	(237)
Fines and forfeitures	48,000	48,000	47,328	(672)
Investment income	2,500	2,500	6,964	4,464
Miscellaneous	7,000	7,000	6,845	(155)
Total revenues	<u>1,624,500</u>	<u>1,698,299</u>	<u>1,706,782</u>	<u>8,483</u>
<u>EXPENDITURES</u>				
Parks, recreation, and culture	1,525,748	1,612,115	1,588,988	23,127
Debt service				
Principal	112,076	112,076	-	112,076
Interest and fiscal charges	11,288	11,288	11,286	2
Total expenditures	<u>1,649,112</u>	<u>1,735,479</u>	<u>1,600,274</u>	<u>135,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,612)</u>	<u>(37,180)</u>	<u>106,508</u>	<u>143,688</u>
Net change in fund balance	<u>\$ (24,612)</u>	<u>\$ (37,180)</u>	<u>106,508</u>	<u>\$ 143,688</u>
Fund balance at beginning of year			<u>223,742</u>	
Fund balance at end of year			<u>\$ 330,250</u>	

The accompanying notes are an integral part of this statement.

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
REDEVELOPMENT FUND – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Property taxes	\$ 2,278,291	\$ 2,278,291	\$ 2,237,283	\$ (41,008)
Investment income	9,000	9,000	10,473	1,473
Total revenues	<u>2,287,291</u>	<u>2,287,291</u>	<u>2,247,756</u>	<u>(39,535)</u>
<u>EXPENDITURES</u>				
Highways and public improvements	2,593,686	2,593,686	613,362	1,980,324
Total expenditures	<u>2,593,686</u>	<u>2,593,686</u>	<u>613,362</u>	<u>1,980,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(306,395)</u>	<u>(306,395)</u>	<u>1,634,394</u>	<u>1,940,789</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer out	<u>(898,146)</u>	<u>(898,146)</u>	<u>(898,146)</u>	<u>-</u>
Total other financing sources (uses)	<u>(898,146)</u>	<u>(898,146)</u>	<u>(898,146)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,204,541)</u>	<u>\$ (1,204,541)</u>	<u>736,248</u>	<u>\$ 1,940,789</u>
Fund balance at beginning of year			<u>1,620,477</u>	
Fund balance at end of year			<u>\$ 2,356,725</u>	

The accompanying notes are an integral part of this statement.

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
COMMUNITY DEVELOPMENT BLOCK GRANT FUND – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Intergovernmental	\$ 271,804	\$ 246,084	\$ 215,822	\$ (30,262)
Total revenues	<u>271,804</u>	<u>246,084</u>	<u>215,822</u>	<u>(30,262)</u>
<u>EXPENDITURES</u>				
Highways and public improvements	<u>271,804</u>	<u>246,084</u>	<u>215,822</u>	<u>30,262</u>
Total expenditures	<u>271,804</u>	<u>246,084</u>	<u>215,822</u>	<u>30,262</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
CAPITAL PROJECTS – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 475,000	\$ 475,000	\$ -
Investment income	-	-	30,681	30,681
Miscellaneous income	-	-	11,976	11,976
Total revenues	-	475,000	517,657	42,657
<u>EXPENDITURES</u>				
General government	559,500	627,284	224,213	403,071
Public safety	767,520	1,289,020	1,224,816	64,204
Highways and public improvements	946,000	1,437,093	784,589	652,504
Parks, recreation, and culture	842,358	817,358	751,074	66,284
Debt service				
Principal	-	25,011	19,183	5,828
Interest and fiscal charges	-	3,000	1,802	1,198
Total expenditures	3,115,378	4,198,766	3,005,677	1,193,089
Excess (deficiency) of revenues over (under) expenditures	(3,115,378)	(3,723,766)	(2,488,020)	1,235,746
<u>OTHER FINANCING SOURCES (USES)</u>				
Lease proceeds	-	95,795	95,795	-
Transfers in	2,000,000	6,271,258	6,267,625	(3,633)
Sale of capital assets	-	-	90,702	90,702
Total other financing sources (uses)	1,883,750	6,250,803	6,337,872	87,069
Net change in fund balance	<u>\$ (1,231,628)</u>	<u>\$ 2,527,037</u>	3,849,852	<u>\$ 1,322,815</u>
Fund balance at beginning of year			4,839,240	
Fund balance at end of year			<u>\$ 8,689,092</u>	

The accompanying notes are an integral part of this statement.

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
CEMETERY PERPETUAL CARE FUND – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Perpetual care fees	\$ -	\$ -	\$ 1,310	\$ 1,310
Investment income	8,000	8,000	8,662	662
Total revenues	8,000	8,000	9,972	1,972
<u>EXPENDITURES</u>				
Parks, recreation, and culture	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	8,000	8,000	9,972	1,972
<u>OTHER FINANCING USES</u>				
Transfers in	33,873	33,873	33,873	-
Total other financing uses	33,873	33,873	33,873	-
Net change in fund balance	\$ 41,873	\$ 41,873	43,845	\$ 1,972
Fund balance at beginning of year			1,315,748	
Fund balance at end of year			\$ 1,359,593	

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS
JUNE 30, 2013

	Central Garage Fund	Retained Risk Reserve Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 39,699	\$ 1,632,469	\$ 1,672,168
Inventory	72,521	-	72,521
Prepaid items	-	12,941	12,941
Total current assets	<u>112,220</u>	<u>1,645,410</u>	<u>1,757,630</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	151,134	-	151,134
Less: accumulated depreciation	(99,551)	-	(99,551)
Total noncurrent assets	<u>51,583</u>	<u>-</u>	<u>51,583</u>
Total assets	<u>163,803</u>	<u>1,645,410</u>	<u>1,809,213</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	57,911	14,697	72,608
Accrued liabilities	5,617	252,260	257,877
Compensated absences	21,101	4,474	25,575
Total current liabilities	<u>84,629</u>	<u>271,431</u>	<u>356,060</u>
Noncurrent liabilities:			
Compensated absences	9,698	2,057	11,755
Total noncurrent liabilities	<u>9,698</u>	<u>2,057</u>	<u>11,755</u>
Total liabilities	<u>94,327</u>	<u>273,488</u>	<u>367,815</u>
<u>NET POSITION</u>			
Invested in capital assets	51,583	-	51,583
Unrestricted	17,893	1,371,922	1,389,815
Total net position	<u>\$ 69,476</u>	<u>\$ 1,371,922</u>	<u>\$ 1,441,398</u>

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Central Garage Fund	Retained Risk Reserve Fund	Total
<u>OPERATING REVENUES</u>			
Charges for services	\$ 297,299	\$ 1,016,276	\$ 1,313,575
Total operating revenues	297,299	1,016,276	1,313,575
<u>OPERATING EXPENSES</u>			
Wages and benefits	288,499	211,769	500,268
Administrative fees	750	500	1,250
Depreciation	3,936	-	3,936
Operations and maintenance	4,114	683,719	687,833
Total operating expenses	297,299	895,988	1,193,287
Operating income (loss)	-	120,288	120,288
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Investment income	-	8,523	8,523
Total nonoperating revenues (expenses)	-	8,523	8,523
Change in net position	-	128,811	128,811
Total net position - beginning	69,476	1,243,111	1,312,587
Total net position - ending	\$ 69,476	\$ 1,371,922	\$ 1,441,398

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Central Garage Fund	Retained Risk Reserve Fund	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 297,299	\$ 1,016,276	\$ 1,313,575
Payments to suppliers of goods and services	(45,574)	(701,570)	(747,144)
Payments to employees for services	(288,844)	(205,238)	(494,082)
Payment for interfund services	(750)	(500)	(1,250)
Net cash provided (used) by operating activities	<u>(37,869)</u>	<u>108,968</u>	<u>71,099</u>
Cash flows from investing activities			
Investment income	-	8,523	8,523
Net cash provided by investing activities	<u>-</u>	<u>8,523</u>	<u>8,523</u>
Net increase (decrease) in cash and cash equivalents	<u>(37,869)</u>	<u>117,491</u>	<u>79,622</u>
Cash and cash equivalents, beginning of year	<u>77,568</u>	<u>1,514,978</u>	<u>1,592,546</u>
Cash and cash equivalents, end of year	<u>\$ 39,699</u>	<u>\$ 1,632,469</u>	<u>\$ 1,672,168</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ -	\$ 120,288	\$ 120,288
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	3,936	-	3,936
(Increase) decrease in inventory and prepaid items	3,173	(12,941)	(9,768)
(Increase) decrease in liabilities	(44,978)	1,621	(43,357)
Net cash provided (used) by by operating activities	<u>\$ (37,869)</u>	<u>\$ 108,968</u>	<u>\$ 71,099</u>

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF NET POSITION – NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2013

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Murray Parkway Recreation Fund</u>	<u>Solid Waste Management Fund</u>	<u>Telecommunication Fund</u>	
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 582,103	\$ 523,726	\$ 101,262	\$ 1,207,091
Accounts receivable (net)	-	101,810	6,827	108,637
Notes receivable	-	-	25,220	25,220
Inventory	84,507	-	-	84,507
Total current assets	<u>666,610</u>	<u>625,536</u>	<u>133,309</u>	<u>1,425,455</u>
Noncurrent assets:				
Notes receivable	-	-	393,370	393,370
Capital assets:				
Land	326,336	-	-	326,336
Buildings	797,534	-	-	797,534
Improvements other than buildings	3,734,149	-	-	3,734,149
Machinery and equipment	926,244	-	-	926,244
Accumulated depreciation	(4,671,096)	-	-	(4,671,096)
Total noncurrent assets	<u>1,113,167</u>	<u>-</u>	<u>393,370</u>	<u>1,506,537</u>
Total assets	<u>1,779,777</u>	<u>625,536</u>	<u>526,679</u>	<u>2,931,992</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	5,148	126,307	-	131,455
Accrued liabilities	31,916	945	-	32,861
Due to other funds	164,776	-	-	164,776
Compensated absences	71,739	2,038	-	73,777
Notes payable	-	-	25,220	25,220
Total current liabilities	<u>273,579</u>	<u>129,290</u>	<u>25,220</u>	<u>428,089</u>
Noncurrent liabilities:				
Notes payable	-	-	393,370	393,370
Compensated absences	41,588	1,182	-	42,770
Total noncurrent liabilities	<u>41,588</u>	<u>1,182</u>	<u>393,370</u>	<u>436,140</u>
Total liabilities	<u>315,167</u>	<u>130,472</u>	<u>418,590</u>	<u>864,229</u>
<u>NET POSITION</u>				
Net investment in capital assets	1,113,167	-	-	1,113,167
Unrestricted	351,443	495,064	108,089	954,596
Total net position	<u>\$ 1,464,610</u>	<u>\$ 495,064</u>	<u>\$ 108,089</u>	<u>\$ 2,067,763</u>

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds			Total
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Telecommunication Fund	
<u>OPERATING REVENUES</u>				
Charges for services	\$ 1,459,669	\$ 1,210,989	\$ 66,878	\$ 2,737,536
Other	169	665	-	834
Total operating revenues	<u>1,459,838</u>	<u>1,211,654</u>	<u>66,878</u>	<u>2,738,370</u>
<u>OPERATING EXPENSES</u>				
Wages and benefits	770,506	47,149	-	817,655
Administrative fees	750	73,028	-	73,778
Depreciation	166,273	-	-	166,273
Operations and maintenance	319,492	1,006,462	63,146	1,389,100
Total operating expenses	<u>1,257,021</u>	<u>1,126,639</u>	<u>63,146</u>	<u>2,446,806</u>
Operating income (loss)	<u>202,817</u>	<u>85,015</u>	<u>3,732</u>	<u>291,564</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Investment income	2,282	2,500	475	5,257
Interest and fiscal charges	(3,332)	-	-	(3,332)
Gain/(loss) on disposal of assets	2,000	-	-	2,000
Total nonoperating revenues (expenses)	<u>950</u>	<u>2,500</u>	<u>475</u>	<u>3,925</u>
Income before transfers	203,767	87,515	4,207	295,489
Transfers in	100,000	-	-	100,000
Change in net position	303,767	87,515	4,207	395,489
Total net position - beginning	1,160,843	419,108	100,858	1,680,809
Prior period adjustment	-	(11,559)	3,024	(8,535)
Total net position - ending	<u>\$ 1,464,610</u>	<u>\$ 495,064</u>	<u>\$ 108,089</u>	<u>\$ 2,067,763</u>

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF CASH FLOWS – NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Murray Parkway Recreation Fund</u>	<u>Solid Waste Management Fund</u>	<u>Telecommunication Fund</u>	
Cash flows from operating activities				
Receipts from customers and users	\$ 1,459,838	\$ 1,201,133	\$ 65,830	\$ 2,726,801
Payments to suppliers of goods and services	(401,039)	(957,184)	(63,146)	(1,421,369)
Payments to employees for services	(763,919)	(43,929)	-	(807,848)
Payment for interfund services	(750)	(73,028)	-	(73,778)
Net cash provided (used) by operating activities	<u>294,130</u>	<u>126,992</u>	<u>2,684</u>	<u>423,806</u>
Cash flows from noncapital financing activities				
Transfers from other funds	100,000	-	-	100,000
Changes to interfund receivables and payables	(40,469)	-	-	(40,469)
Net cash provided (used) by noncapital financing activities	<u>59,531</u>	<u>-</u>	<u>-</u>	<u>59,531</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	2,000	-	-	2,000
Purchases of capital assets	(110,715)	-	-	(110,715)
Interest and fiscal charges paid on capital debt	(3,332)	-	-	(3,332)
Net cash provided (used) by capital activities	<u>(112,047)</u>	<u>-</u>	<u>-</u>	<u>(112,047)</u>
Cash flows from investing activities				
Investment income	2,282	2,500	475	5,257
Net cash provided by investing activities	<u>2,282</u>	<u>2,500</u>	<u>475</u>	<u>5,257</u>
Net increase (decrease) in cash and cash equivalents	243,896	129,492	3,159	376,547
Cash and cash equivalents - beginning of year	338,207	394,234	98,103	830,544
Cash and cash equivalents - end of year	<u>\$ 582,103</u>	<u>\$ 523,726</u>	<u>\$ 101,262</u>	<u>\$ 1,207,091</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 202,817	\$ 85,015	\$ 3,732	\$ 291,564
Adjustments to reconcile operating income to net cash provided by:				
Depreciation and amortization	166,273	-	-	166,273
(Increase) decrease in receivables	-	(10,521)	(1,048)	(11,569)
(Increase) decrease in inventory and prepaid items	994	-	-	994
(Increase) decrease in liabilities	(75,954)	52,498	-	(23,456)
Net cash provided by operating activities	<u>\$ 294,130</u>	<u>\$ 126,992</u>	<u>\$ 2,684</u>	<u>\$ 423,806</u>

The accompanying notes are an integral part of this statement.

STATISTICAL SECTION

(Unaudited)

This part of the Murray City's comprehensive annual financial report presents detailed information as a context for better understanding what the information in the financial statements, note disclosure, and required supplementary information says about the government's overall financial health.

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess one of the City's most significant local revenue sources, the property tax.

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

MURRAY CITY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 28,343	\$ 29,542	\$ 52,275	\$ 52,908	\$ 52,903	\$ 59,490	\$ 58,427	\$ 55,550	\$ 56,770	\$ 57,483
Restricted	2,202	1,899	1,900	520	520	6,295	3,432	4,151	2,897	2,364
Unrestricted	15,689	18,077	20,642	18,270	22,141	8,984	10,222	14,273	17,159	20,391
Total governmental net position	\$ 46,234	\$ 49,518	\$ 74,817	\$ 71,698	\$ 75,564	\$ 74,769	\$ 72,081	\$ 73,974	\$ 76,826	\$ 80,238
Business-type activities										
Net investment in capital assets	\$ 49,573	\$ 39,193	\$ 42,286	\$ 56,427	\$ 53,269	\$ 53,074	\$ 51,828	\$ 55,429	\$ 55,047	\$ 56,679
Restricted	4,283	314	314	-	-	1,003	1,000	1,005	-	3,215
Unrestricted	3,189	18,453	16,911	16,279	18,306	16,660	14,758	16,389	20,611	24,892
Total business-type net position	\$ 57,045	\$ 57,960	\$ 59,511	\$ 72,706	\$ 71,575	\$ 70,737	\$ 67,586	\$ 72,823	\$ 75,658	\$ 84,786
Primary government										
Net investment in capital assets	\$ 77,916	\$ 68,735	\$ 94,561	\$ 109,335	\$ 106,172	\$ 112,564	\$ 110,255	\$ 110,979	\$ 111,817	\$ 114,162
Restricted	6,485	2,213	2,214	520	520	7,298	4,432	5,157	2,897	5,579
Unrestricted	18,878	36,530	37,553	34,549	40,447	25,644	24,980	30,662	37,770	45,283
Total primary government net position	\$ 103,279	\$ 107,478	\$ 134,328	\$ 144,404	\$ 147,139	\$ 145,506	\$ 139,667	\$ 146,798	\$ 152,484	\$ 165,024

MURRAY CITY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
General government	\$ 4,075	\$ 4,054	\$ 4,557	\$ 5,090	\$ 5,536	\$ 9,033	\$ 9,821	\$ 10,198	\$ 8,984	\$ 7,406
Public safety	13,214	13,877	14,387	15,758	15,990	18,182	18,459	17,790	16,679	16,356
Highways and public improvements	5,400	4,408	8,037	6,349	5,989	7,008	8,034	7,277	7,880	8,666
Parks, recreation, and culture	6,822	7,464	8,025	8,183	7,741	7,265	7,717	7,480	7,068	7,539
Debt service - interest and fiscal charges	764	774	709	427	489	559	621	548	440	384
Total governmental expenses	<u>30,275</u>	<u>30,577</u>	<u>35,715</u>	<u>35,807</u>	<u>35,745</u>	<u>42,047</u>	<u>44,652</u>	<u>43,293</u>	<u>41,051</u>	<u>40,351</u>
Business-type activities										
Water	3,752	4,047	3,663	4,023	3,520	4,223	5,998	4,887	4,085	4,128
Waste water	2,945	3,033	3,404	3,354	2,746	3,563	3,274	2,732	3,255	3,354
Power	30,183	30,428	32,394	33,585	35,397	35,358	32,420	32,432	31,190	30,312
Murray parkway	1,448	1,469	1,398	1,729	1,538	1,574	1,485	1,614	1,697	1,260
Telecommunication	-	-	-	-	-	-	-	-	33	63
Solid waste	1,013	683	742	782	711	832	806	942	1,050	1,127
Storm water	214	-	-	1,463	1,382	1,392	1,421	1,691	1,885	1,918
Total business-type activities expenses	<u>39,555</u>	<u>39,660</u>	<u>41,601</u>	<u>44,936</u>	<u>45,294</u>	<u>46,942</u>	<u>45,404</u>	<u>44,298</u>	<u>43,195</u>	<u>42,162</u>
Total primary government expenses	<u>\$ 69,830</u>	<u>\$ 70,237</u>	<u>\$ 77,316</u>	<u>\$ 80,743</u>	<u>\$ 81,039</u>	<u>\$ 88,989</u>	<u>\$ 90,056</u>	<u>\$ 87,591</u>	<u>\$ 84,246</u>	<u>\$ 82,513</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 3,963	\$ 4,303	\$ 3,272	\$ 3,386	\$ 3,616	\$ 5,964	\$ 5,926	\$ 6,149	\$ 3,423	\$ 3,090
Public safety	161	234	338	323	340	867	644	1,500	1,183	900
Highways & public improvements	670	1,743	798	1,041	-	97	85	78	99	58
Parks, recreation, and culture	1,341	1,431	1,541	1,724	1,742	1,678	1,750	1,925	1,775	1,616
Operating grants and contributions	307	370	457	555	365	457	406	1,385	4,478	5,085
Capital grants & contributions	1,613	1,366	1,491	14,893	1,591	1,232	2,179	2,472	2,087	626
Total governmental program revenues	<u>8,055</u>	<u>9,447</u>	<u>7,897</u>	<u>21,922</u>	<u>7,654</u>	<u>10,295</u>	<u>10,990</u>	<u>13,509</u>	<u>13,045</u>	<u>11,375</u>
Business-type activities										
Charges for services										
Water	4,593	5,083	5,106	5,566	5,594	5,492	4,781	5,989	6,373	5,938
Waste water	3,250	3,887	3,257	3,399	3,448	3,556	3,397	4,072	4,348	4,196
Power	29,041	28,963	29,904	33,379	33,707	35,617	33,187	36,329	37,628	37,990
Murray parkway	1,347	1,345	1,475	1,592	1,542	1,596	1,421	1,347	1,563	1,460
Telecommunication	-	-	-	-	-	-	-	-	34	67
Solid waste	799	813	807	829	833	819	818	962	1,010	1,212
Storm water	24	272	278	1,522	1,508	1,467	1,400	1,433	1,403	1,757
Capital grants & contributions	-	-	-	-	-	-	-	2,860	833	743
Total business-type program revenues	<u>39,054</u>	<u>40,363</u>	<u>40,827</u>	<u>46,287</u>	<u>46,632</u>	<u>48,547</u>	<u>45,005</u>	<u>52,992</u>	<u>53,192</u>	<u>53,363</u>
Total primary government program revenues	<u>\$ 47,109</u>	<u>\$ 49,810</u>	<u>\$ 48,724</u>	<u>\$ 68,209</u>	<u>\$ 54,286</u>	<u>\$ 58,842</u>	<u>\$ 55,995</u>	<u>\$ 66,501</u>	<u>\$ 66,237</u>	<u>\$ 64,738</u>
Net (expense)/revenue										
Governmental activities	\$ (22,219)	\$ (21,131)	\$ (27,818)	\$ (13,885)	\$ (28,090)	\$ (31,752)	\$ (33,663)	\$ (29,783)	\$ (28,006)	\$ (28,976)
Business-type activities	(502)	704	(774)	1,351	1,337	1,604	(399)	8,694	9,997	11,201
Total primary government net expense	<u>\$ (22,721)</u>	<u>\$ (20,427)</u>	<u>\$ (28,592)</u>	<u>\$ (12,534)</u>	<u>\$ (26,753)</u>	<u>\$ (30,148)</u>	<u>\$ (34,062)</u>	<u>\$ (21,089)</u>	<u>\$ (18,009)</u>	<u>\$ (17,775)</u>
General revenues & other changes in net position										
Governmental activities										
Taxes										
Sales taxes	\$ 12,952	\$ 13,677	\$ 15,115	\$ 15,235	\$ 15,288	\$ 12,444	\$ 12,293	\$ 12,800	\$ 12,847	\$ 12,916
Property taxes	7,116	6,801	8,517	8,784	8,975	8,774	9,700	9,823	10,076	10,299
Franchise taxes	2,141	2,933	3,173	3,481	3,503	5,056	4,931	4,925	4,849	4,993
Investment income	434	464	727	1,069	943	514	396	310	296	203
Gain/(loss) on sale & disposal of assets	88	127	115	109	165	51	(85)	-	11	94
Miscellaneous	492	203	202	324	269	1,181	735	196	207	277
Rent, transfers & miscellaneous	451	209	1,019	(10,781)	2,813	2,937	3,005	3,622	3,130	3,606
Total governmental activities	<u>23,674</u>	<u>24,414</u>	<u>28,868</u>	<u>18,221</u>	<u>31,956</u>	<u>30,957</u>	<u>30,975</u>	<u>31,676</u>	<u>31,416</u>	<u>32,388</u>
Business-type activities										
Interest income	196	369	785	831	760	434	215	183	245	287
Gain/(loss) on sale & disposal of assets	-	52	2,558	199	579	60	39	(17)	163	31
Rent & transfers	(452)	(209)	(1,019)	10,813	(2,813)	(2,937)	(3,005)	(3,622)	(3,130)	(3,606)
Total business-type activities	<u>(256)</u>	<u>212</u>	<u>2,324</u>	<u>11,843</u>	<u>(1,474)</u>	<u>(2,443)</u>	<u>(2,751)</u>	<u>(3,456)</u>	<u>(2,722)</u>	<u>(3,288)</u>
Total primary government	<u>\$ 23,418</u>	<u>\$ 24,626</u>	<u>\$ 31,192</u>	<u>\$ 30,064</u>	<u>\$ 30,482</u>	<u>\$ 28,514</u>	<u>\$ 28,224</u>	<u>\$ 28,220</u>	<u>\$ 28,694</u>	<u>\$ 29,100</u>
Change in net position										
Governmental activities	\$ 1,454	\$ 3,284	\$ 1,049	\$ 4,336	\$ 3,866	\$ (796)	\$ (2,687)	\$ 1,893	\$ 3,410	\$ 3,412
Business-type activities	(757)	915	1,551	13,194	(136)	(837)	(3,151)	5,238	7,275	7,913
Total primary government	<u>\$ 697</u>	<u>\$ 4,199</u>	<u>\$ 2,600</u>	<u>\$ 17,530</u>	<u>\$ 3,730</u>	<u>\$ (1,633)</u>	<u>\$ (5,838)</u>	<u>\$ 7,131</u>	<u>\$ 10,685</u>	<u>\$ 11,325</u>

MURRAY CITY
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Transient Room Tax	In Lieu of Tax Transfer	Total
2004	6,369,655	11,871,337	3,160,337	60,990	1,374,758	22,837,077
2005	6,919,279	12,356,922	4,188,965	63,918	1,315,997	24,845,081
2006	6,959,296	13,464,760	4,742,777	80,409	-	25,247,242
2007	8,928,609	14,001,006	4,618,367	96,061	-	27,644,043
2008	8,975,027	13,941,921	4,918,591	103,260	-	27,938,799
2009	8,773,598	12,249,133	5,056,167	102,350	-	26,181,248
2010	9,700,152	12,517,564	4,931,012	73,421	-	27,222,149
2011	9,823,237	12,589,925	4,924,741	104,295	-	27,442,198
2012	10,075,782	12,613,871	4,849,560	85,884	-	27,625,097
2013	10,298,590	12,821,666	4,993,384	94,359	-	28,207,999

Note: Beginning in 2006 In Lieu of Tax Transfers were no longer classified as tax revenue.

MURRAY CITY
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Reserved	\$ 1,580	\$ 1,745	\$ 1,280	\$ 3,065	\$ 3,035	\$ 2,459	\$ 1,490	\$ -	\$ -	\$ -
Unreserved	4,032	6,233	7,781	8,092	5,962	7,060	7,522	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	235	-
Restricted	-	-	-	-	-	-	-	2,159	1,917	363
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	10,546	9,150	9,638
Total General Fund	\$ 5,612	\$ 7,978	\$ 9,061	\$ 11,157	\$ 8,997	\$ 9,519	\$ 9,012	\$ 12,705	\$ 11,302	\$ 10,001
All other governmental funds										
Reserved	\$ 1,949	\$ 1,978	\$ 1,952	\$ 575	\$ 576	\$ 5,077	\$ 3,028	\$ -	\$ -	\$ -
Unreserved	1,722	1,617	1,572	4,461	4,779	2,447	2,701	-	-	-
Nonspendable	-	-	-	-	-	-	-	20	-	-
Restricted	-	-	-	-	-	-	-	1,992	981	2,001
Assigned	-	-	-	-	-	-	-	4,163	7,019	10,736
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 3,671	\$ 3,595	\$ 3,524	\$ 5,036	\$ 5,355	\$ 7,524	\$ 5,729	\$ 6,175	\$ 8,000	\$ 12,737

Note: Per GASB Statement No. 54, fund balances have been reclassified beginning fiscal year 2011.

MURRAY CITY
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes & special assessments	\$ 22,837	\$ 24,845	\$ 25,247	\$ 27,644	\$ 27,939	\$ 26,181	\$ 27,222	\$ 27,442	\$ 27,625	\$ 28,208
Licenses & permits	1,025	2,235	1,449	1,659	1,629	1,236	1,180	1,439	1,526	1,380
Intergovernmental	1,920	1,736	1,948	2,099	1,956	1,688	2,585	3,423	4,478	5,085
Administrative fees						2,989	3,003	2,742	2,994	3,025
Charges for services	1,586	1,776	1,985	2,122	2,043	2,597	2,431	3,514	3,057	2,575
Fines & forfeitures	2,150	2,384	2,300	2,477	2,026	1,784	1,791	1,958	1,897	1,710
Rents & concessions	1,060	1,326	1,314	1,297	-	-	-	-	-	-
Miscellaneous	492	203	202	325	269	1,181	734	196	207	278
Interest	434	464	727	1,026	905	496	391	306	286	194
Total revenues	31,504	34,969	35,172	38,649	36,767	38,152	39,337	41,020	42,070	42,455
Expenditures										
General government	4,302	4,566	5,105	5,407	5,212	7,969	7,991	7,952	9,697	8,561
Public safety	12,534	13,194	14,624	16,166	16,003	19,804	16,927	16,719	15,987	16,424
Highways & public improvements	4,768	3,952	6,340	3,619	3,342	3,467	4,738	4,657	6,204	6,496
Parks, recreation and culture	6,164	6,842	7,161	7,552	6,868	6,847	6,740	6,657	6,325	6,957
Capital outlay	4,095	2,967	231	1,371	8,358	4,342	5,134	1,058	2,883	3,377
Principal	935	1,260	1,300	1,340	1,305	1,723	2,066	2,634	1,754	1,524
Interest	745	772	713	448	515	515	659	589	475	410
Bond issuance costs	-	-	-	159	-	141	-	-	-	-
Pledge payment - UTOPIA	-	-	-	-	-	-	821	1,123	1,661	1,584
Total expenditures	33,543	33,553	35,474	36,062	41,603	44,808	45,076	41,389	44,986	45,333
Excess of revenues over (under) expenditures	(2,039)	1,416	(302)	2,587	(4,836)	(6,656)	(5,739)	(369)	(2,916)	(2,878)
Other financing sources (uses)										
Proceeds from borrowing	3,000	-	-	10,156	-	6,162	-	-	-	-
Payments to refunding bond escrow	-	-	-	(11,619)	-	(1,520)	-	-	-	-
Capital lease financing	-	733	180	-	-	1,557	207	-	-	96
Transfers in	25	245	1,576	5,195	8,809	4,681	4,181	4,824	7,261	10,923
Transfers out	(25)	(245)	(557)	(2,842)	(5,996)	(1,744)	(1,176)	(1,202)	(4,131)	(7,317)
Sales of capital assets	418	141	115	130	184	210	224	886	208	1,363
Total other financing sources (uses)	3,418	874	1,314	1,020	2,997	9,346	3,436	4,508	3,338	5,065
Net change in fund balances	\$ 1,379	\$ 2,290	\$ 1,012	\$ 3,607	\$ (1,839)	\$ 2,690	\$ (2,303)	\$ 4,139	\$ 422	\$ 2,187
Debt service as a % of noncapital expenditures	5.27%	6.45%	6.02%	5.22%	4.57%	5.26%	6.43%	8.44%	5.21%	4.46%

MURRAY CITY
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30	Total Real Taxable Assessed Value	Estimated Actual Real Taxable Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
2004	2,646,945,401	3,578,000,000	73.98%	0.001886
2005	2,759,982,137	3,720,000,000	74.19%	0.002006
2006	2,862,401,216	3,863,000,000	74.10%	0.001941
2007	3,288,381,528	4,420,000,000	74.40%	0.002203
2008	3,866,773,720	5,225,000,000	74.01%	0.001886
2009	4,098,025,336	6,075,000,000	67.46%	0.001767
2010	3,603,823,596	5,388,000,000	66.89%	0.002022
2011	3,516,872,832	6,218,000,000	56.56%	0.002163
2012	3,352,596,180	6,078,768,680	55.15%	0.002203
2013	3,302,745,672	5,989,725,960	55.14%	0.002259

Source: Salt Lake County Auditor's Office

Note: All property in Salt Lake County is assessed annually. All real property is assessed at its fair market value with a 45% reduction in fair market value allowed for primary residential property. Tax rates are per \$1,000 of assessed value. Business personal property is self assessed annually and is not included above.

**MURRAY CITY
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rate	Overlapping Rates				
	Total Murray City Direct	Murray School District	Murray City Library	Salt Lake County	Mosquito Abatement District	Central Utah Water Conservation
2004	0.001510	0.00651	0.00038	0.00287	0.00003	0.00036
2005	0.001500	0.00664	0.00051	0.00282	0.00003	0.00035
2006	0.001450	0.00653	0.00049	0.00268	0.00003	0.00040
2007	0.001770	0.00595	0.00043	0.00235	0.00003	0.00040
2008	0.001520	0.00509	0.00037	0.00199	0.00002	0.00030
2009	0.001420	0.00479	0.00035	0.00192	0.00002	0.00029
2010	0.001630	0.00552	0.00040	0.00228	0.00003	0.00040
2011	0.001740	0.00593	0.00042	0.00259	0.00005	0.00042
2012	0.001772	0.00620	0.00043	0.00270	0.00005	0.00044
2013	0.001817	0.00648	0.00044	0.00279	0.00002	0.00046

Overlapping rates are those of local and county governments that apply to property owners within Murray City.

Source: Utah State Tax Commission

**MURRAY CITY
PRINCIPAL SALES TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2013		2004	
	Rank	Percentage of Total City Sales Taxes	Rank	Percentage of Total City Sales Taxes
Warehouse Store	1	12.39%	1	7.07%
Auto Sales	2	4.96%	5	3.00%
Furniture Store	3	4.14%	2	4.52%
Clothing Store	4	4.06%	6	2.85%
Auto Sales	5	3.33%	4	3.31%
Auto Sales	6	3.08%	7	2.72%
Auto Sales	7	2.89%	10	2.24%
Electronics Store	8	2.89%		
Warehouse Store	9	2.87%	3	3.41%
Auto Sales	10	2.50%		
Auto Sales	11	2.45%	8	2.59%
Auto Sales	12	2.29%	18	1.29%
Electronics Store	13	2.10%	13	1.80%
Municipality	14	2.03%	16	1.62%
Department Store	15	1.82%	11	1.94%
Auto Sales			12	1.93%
Department Store			9	2.34%
Food Retailer	19	1.37%	15	1.69%
Building Products	16	1.73%	14	1.80%
Total		56.90%		42.63%

Source: Utah State Tax Commission

**MURRAY CITY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Fiscal Year Ending June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date		
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy	
2004	\$ 4,050,520	\$ 3,895,765	96.18%	\$ 154,755	\$ 4,050,520	100.00%	
2005	4,213,642	4,131,312	98.05%	82,330	4,213,642	100.00%	
2006	4,252,740	4,125,737	97.01%	127,003	4,252,740	100.00%	
2007	5,961,277	5,803,417	97.35%	112,287	5,915,704	99.24%	
2008	5,680,958	5,382,672	94.75%	118,028	5,500,700	96.83%	
2009	5,979,944	5,764,695	96.40%	171,506	5,936,201	99.27%	
2010	5,863,420	5,669,616	96.69%	193,834	5,863,450	100.00%	
2011	5,903,086	5,779,782	97.91%	109,701	5,889,483	99.77%	
2012	5,903,253	5,839,394	98.92%	59,850	5,899,244	99.93%	
2013	5,887,409	5,830,924	99.04%	-			

Source: Salt Lake County Treasurer

MURRAY CITY
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Capital Leases	Revenue Bonds	Capital Leases			
2004	\$ 18,070,000	\$ -	\$ 26,555,000	\$ 387,000	\$ 45,012,000	3.22%	1,010
2005	16,810,000	713,000	34,820,000	290,000	52,633,000	3.59%	1,184
2006	15,510,000	543,000	33,450,000	200,000	49,703,000	3.27%	1,121
2007	13,115,000	550,159	32,505,000	639,562	46,809,721	2.71%	1,044
2008	11,810,000	372,998	31,005,000	420,924	43,608,922	2.73%	954
2009	14,865,000	1,746,581	29,420,000	531,008	46,652,589	2.80%	1,010
2010	13,305,000	1,448,203	27,765,000	378,420	42,896,623	2.58%	932
2011	11,850,000	269,149	26,130,000	220,314	38,469,463	2.16%	823
2012	10,365,000	-	25,725,000	56,434	36,146,434	1.97%	759
2013	8,860,000	76,612	24,120,000	-	33,056,612	1.68%	685

MURRAY CITY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt (2)(3)
Debt repaid with property taxes			
Murray City School District	\$ 46,525,000	100.00%	\$ 46,525,000
Salt Lake County General Obligation Debt	246,900,000	5.05%	12,468,450
Other debt			
Salt Lake County Sales Tax Bonds	104,600,000	4.54%	4,748,840
Salt Lake County Lease Revenue Bonds	77,900,000	4.54%	3,536,660
Salt Lake County Capital Leases	2,300,000	4.54%	104,420
Salt Lake County Special Assessment Bonds	1,500,000	4.54%	68,100
Salt Lake County Transportation Rev. Bonds	76,400,000	4.54%	3,468,560
Salt Lake County Notes Payable	14,800,000	4.54%	671,920
Subtotal, overlapping debt			<u>71,591,950</u>
Murray City direct debt			8,936,612
Total direct and overlapping debt			<u><u>\$ 80,528,562</u></u>

Source: Debt outstanding data obtained from Salt Lake County Auditor.

(1) For Debt repaid with property taxes the percentage of overlapping debt applicable to Murray City was estimated using taxable assessed property within Murray City divided by the Counties taxable assessed value. For Other debt the percentage of overlapping debt is Murray City's population divided by Salt Lake Counties Population according to the 2010 Census.

(2) Murray City School District's debt is as of their fiscal year end which is June 30.

(3) Salt Lake County's debt is as of their fiscal year end which is December 31.

Note: Overlapping governments are those that coincide, at least in part with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping

**MURRAY CITY
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 286,240	\$ 297,600	\$ 309,040	\$ 353,600	\$ 418,000	\$ 486,000	\$ 431,040	\$ 497,440	\$ 486,302	\$ 479,178
Total net debt applicable to limit	29,739	39,085	48,960	45,620	42,815	44,285	41,070	37,980	36,090	32,980
Legal debt margin	\$ 256,501	\$ 258,515	\$ 260,080	\$ 307,980	\$ 375,185	\$ 441,715	\$ 389,970	\$ 459,460	\$ 450,212	\$ 446,198
Total net debt applicable to the limit as a percentage of debt limit	10.39%	13.13%	15.84%	12.90%	10.24%	9.11%	9.53%	7.64%	7.42%	6.88%

Legal Debt Margin Calculation for Fiscal Year 2012

Total reasonable fair cash value	<u>\$5,989,726</u>
Debt limit (8% of fair cash value)	479,178
Debt applicable to debt limit	32,980
Legal debt margin	<u>\$ 446,198</u>

Note: The bonded debt of the City is limited by statute to 8% of the "reasonable fair cash value" of property subject to property tax.

**MURRAY CITY
PLEGDED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

2004, 2006, 2011 Electric Revenue Bonds

Fiscal Year	Utility Revenues(1)	Less Utility Expenses(2)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2004	29,174,680	25,364,029	3,810,651	700,000	931,300	2.34
2005	29,276,312	25,246,377	4,029,935	730,000	1,138,221	2.16
2006	32,957,429	27,534,067	5,423,362	1,060,000	1,276,823	2.32
2007	33,905,131	28,952,452	4,952,679	1,115,000	1,147,010	2.19
2008	34,091,482	30,928,405	3,163,077	1,175,000	1,207,253	1.33
2009	35,876,773	30,789,288	5,087,485	1,255,000	1,057,379	2.20
2010	33,372,210	27,194,578	6,177,632	1,315,000	1,003,759	2.66
2011	36,527,393	28,380,854	8,146,539	1,360,000	946,684	3.53
2012	37,868,196	27,374,850	10,493,346	1,505,000	763,671	4.63
2013	38,215,546	26,585,169	11,630,377	1,545,000	588,208	5.45

2003, 2012 Water and Sewer Revenue Bonds

2005	9,075,720	4,799,802	4,275,918	305,000	346,825	6.56
2006	8,645,714	5,112,252	3,533,462	310,000	340,675	5.43
2007	9,565,796	5,363,965	4,201,831	315,000	345,122	6.37
2008	9,683,420	4,836,573	4,846,847	325,000	327,619	7.43
2009	9,263,744	5,980,985	3,282,759	330,000	319,425	5.05
2010	8,235,529	7,076,036	1,159,493	340,000	309,788	1.78
2011	10,022,697	6,188,768	3,833,929	350,000	299,000	5.91
2012	10,860,873	5,570,615	5,290,258	440,000	160,730	8.81
2013	10,196,682	5,736,136	4,460,546	557,000	178,361	6.07

2013 Storm Water Revenue Bonds

2013	1,780,378	672,396	1,107,982	210,000	66,392	4.01
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Note: Details regarding City's outstanding debt can be found in the notes to the financial statements.

(1) Revenues include operating and non-operating revenues.

(2) Expenses exclusive of depreciation, amortization, loss in joint venture, interest expense, and in lieu of tax transfers.

**MURRAY CITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Year	Population(1)	Personal Income	Per Capita Personal Income(2)	Unemployment Rate(3)
2004	44,621	1,331,401,398	29,838	5.7%
2005	44,555	1,397,467,575	31,365	4.8%
2006	44,453	1,466,193,299	32,983	4.7%
2007	44,844	1,728,467,186	38,544	2.4%
2008	45,732	1,598,379,132	34,951	3.4%
2009	46,201	1,663,605,608	36,008	5.7%
2010	46,010	1,715,068,760	37,276	6.3%
2011	46,746	1,777,329,666	38,021	7.3%
2012	47,632	1,861,506,192	39,081	5.7%
2013	48,263	1,963,676,681	40,687	4.3%

(1) United States Census Bureau for Murray City.

(2) U.S. Department of Commerce, Bureau of Economic Analysis for Salt Lake County/City.

(3) Utah Department of Workforce Services for Salt Lake County.

**MURRAY CITY
PRINCIPAL EMPLOYERS
AS OF JUNE 30, 2013**

<u>Employer</u>	<u>Industry Type</u>	<u>Employees</u>
Intermountain Medical Center	Health Care	4463
Murray City School District	Public Education	832
SelectHealth	Health Care	800
Murray City Corporation	City Government	796
IHC Health Services	Health Care	757
University of Phoenix	Education	422
Sutter Connect	Health Care	449
3M Health Information Systems	Data Processing Services	377
Costco Wholesale Corp	Retailer	309
Nordstrom, Inc.	Retailer	286

Source: Murray City Business Licensing

Note: Principal employers for 9 years prior is not available.

MURRAY CITY
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	Full Time Equivalent Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	66	68	66	65	59	59	63	60	61	61
Police										
Officers	72	75	75	78	78	75	77	79	73	74
Civilians	17	17	17	17	17	18	14	12	10	12
Fire										
Firefighters	50	50	50	52	52	59	61	60	58	59
Civilians	2	2	2	2	2	3	2	2	1	1
Highways & Public Improvements	40	40	42	36	35	35	34	34	28	27
Parks & Recreation	34	34	34	34	34	34	33	33	33	32
Library	10	10	10	10	9	9	12	9	11	10
Community & Economic Development	6	5	5	5	4	4	5	5	6	6
Central Garage	6	5	5	4	4	4	4	4	4	4
Power	56	54	54	54	54	55	55	52	46	46
Water	16	16	16	16	16	16	17	16	16	16
Wastewater	10	10	9	9	8	9	9	8	8	8
Golf Course	9	9	9	9	8	8	10	8	7	7
Storm Water	0	0	0	6	6	7	6	7	7	7
Total Full Time Equivalent Employees	394	395	394	397	386	395	402	389	369	370
Seasonal Employees	555	574	543	575	560	579	514	459	477	426
Total Employees	949	969	937	972	946	974	916	848	846	796

**MURRAY CITY
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Physical arrests	4,318	4,563	4,260	2,549	2,194	2,588	2,735	2,484	2,436	3,752
Traffic citations	11,429	13,588	11,959	6,935	6,666	8,141	8,057	8,694	6,847	5,508
Fire										
Fire calls	1,030	1,086	1,261	1,252	1,261	1,496	1,306	1,231	1,622	1,194
Medical calls	3,141	3,490	3,456	3,687	3,962	3,741	3,801	3,781	3,515	4,177
Inspections	1,266	1,132	1,176	1,200	1,261	794	1,309	2,017	1,673	1,448
Parks & recreation										
Park center admissions	30,317	32,074	34,000	33,257	43,272	34,000	46,744	38,451	35,691	29,839
Recreation participants	14,873	15,581	15,320	15,484	16,447	17,779	15,402	14,242	14,219	13,089
Library										
Volumes in collection	82,602	81,643	85,861	84,236	86,723	90,627	86,892	85,100	77,069	69,734
Total volumes borrowed	340,622	352,306	339,282	365,855	406,842	418,169	524,179	524,487	568,372	572,997
Water										
Customers	9,356	9,304	9,456	9,490	9,825	9,890	9,932	9,946	9,946	9,997
Annual consumption (in millions of gallons)	2,711	3,234	2,750	3,865	3,344	3,784	2,519	2,650	2,841	3,018
Sewer										
Customers	8,784	8,817	8,953	8,966	8,977	9,151	9,181	9,181	9,194	9,406
Power										
Customers	16,087	16,112	16,269	16,500	16,546	16,637	16,671	16,701	16,744	17,356
Peak demand (KW)	98,300	93,310	98,560	98,246	107,110	98,327	97,000	97,490	98,100	101,838
Internal generation (MWH)	42,411	25,729	27,655	53,055	62,038	21,261	23,031	17,546	19,523	9,465
Purchased power (MWH)	397,312	369,312	383,825	361,917	449,567	448,487	412,385	412,943	419,388	426,388

MURRAY CITY
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function/Program</u>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	2	2	2	2	2
Patrol units	38	38	38	40	41	42	41	41	40	40
Fire stations	3	3	3	3	3	4	4	4	4	4
Public works										
Streets(miles)	142	143	143	144	144	144	144	144	147	147
Streetlights	2454	2458	2489	2584	2505	2610	2574	2584	2608	2639
Parks & recreation										
Acreage	259	259	259	259	259	252	252	252	252	252
Parks	10	10	10	10	10	10	10	10	10	10
Golf courses	2	2	2	2	2	2	2	2	2	2
Recreation centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains(miles)	177	178	178	179	183	185	185	192	201	201
Wastewater										
Sanitary sewers(miles)	124	125	125	125	124	128	128	128	129	129
Power										
Generators	4	4	4	4	5	5	5	5	5	5
Substations	4	4	4	5	5	6	6	6	6	6

COMPLIANCE SECTION



Keddington & Christensen
Certified Public Accountants, LLC

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

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

Honorable Mayor and
Members of the City Council
City of Murray
Murray, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murray, as of and for the year ended June 30, 2013, which collectively comprise the City of Murray's (the City) basic financial statements and have issued our report thereon dated November 15, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keddington & Christensen, LLC

November 15, 2013



Keddington & Christensen
Certified Public Accountants, LLC

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Honorable Mayor and
Members of the City Council
City of Murray
Murray, Utah

Report on Compliance for Each Major Federal Program

We have audited City of Murray's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance,

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test

and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Keddington & Christensen, LLC

November 15, 2013

MURRAY CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Federal Award/ Contract No.	Award Amount	Disbursements/ Expenditures
U.S. Department of Housing and Urban Development (HUD)				
Passed through Salt Lake County				
Community Development Block Grant (CDBG)	14.218	BV03854	\$ 161,600	\$ 131,339
Community Development Block Grant (CDBG)	14.218	BV03754	213,246	84,483
Total HUD			<u>374,846</u>	<u>215,822</u>
U.S. Department of Transportation/Federal Highway Administration (FHWA)				
Passed through the Utah Department of Transportation				
Highway Planning and Construction Grant - ARRA	20.205	F-LC35(182)	4,006,298	1,963,269
Total FHWA			<u>4,006,298</u>	<u>1,963,269</u>
U.S. Department of Homeland Security				
Passed through Utah Department of Public Safety				
Homeland Security Grant	97.067	11-SHSP-REG 2	29,677	29,677
Emergency Management Performance Grant	97.042	EMPG-PROJECT-2012-DEM-011	3,012	2,084
Emergency Management Performance Grant	97.042	EMPG-2012-DEM-040	4,250	4,250
Emergency Management Performance Grant	97.042	EMPG-2013-DEM-043	4,250	4,250
Total Department of Homeland Security			<u>41,189</u>	<u>40,261</u>
Institute of Museum and Library Services				
Passed through the State of Utah Department of Heritage and Arts				
Library Services and Technology Act Grant	45.310	UST 13-0047	21,500	21,500
Library Services and Technology Act Grant	45.310	UST 13-0045	17,411	17,411
Library Services and Technology Act Grant	45.310	UST 13-0185	2,228	2,228
Library Services and Technology Act Grant	45.310	UST 13-0086	479	479
Total Institute of Museum and Library Services			<u>41,618</u>	<u>41,618</u>
Federal Emergency Management Agency				
Passed through Utah Department of Public Safety				
Interoperable Emergency Communications Grant	69.118	2010-HLS-IECGP-006	6,328	6,328
Total Federal Emergency Management Agency			<u>6,328</u>	<u>6,328</u>
U.S. Department of Justice				
Justice Assistance Grant (JAG)	16.738	2012-DJ-BX-0892	31,090	31,090
Victims of Crime Act Grant (VOCA)	16.575	12-VOCA-34	38,838	37,338
Total Department of Justice			<u>69,928</u>	<u>68,428</u>
Total Federal Awards			<u>\$ 4,540,207</u>	<u>\$ 2,335,725</u>

MURRAY CITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – PURPOSE OF THE SCHEDULE

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the basic financial statements. The Schedule is required by the U.S. Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments, and Non-Profits Organizations.”

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The information in the schedule is presented in accordance with OMB Circular A-133. The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

Major Programs

OMB Circular A-133 establishes the levels of expenditures or expenses and other criteria to be used in defining major federal financial assistance. The federal awards tested as major programs were CFDA number 20.205.

NOTE 3 – SUB-RECIPIENTS

The following amounts were passed through to sub-recipients:

<u>CFDA #</u>	<u>Program</u>	<u>Amount</u>
20.205	FWHA	\$1,963,269

MURRAY CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Murray City, Utah.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Murray City, Corporation, Utah were disclosed during the audit.
4. The auditor's report compliance for the major federal award programs for Murray City, Utah expresses an unqualified opinion.
5. No significant deficiencies or material weaknesses relating to internal control over major federal programs were identified.
6. The programs tested as major programs were:

Department of Transportation – Highway Planning and Construction Grant – ARRA – 20.205
7. The threshold for distinguishing Type A and B programs was \$300,000.
8. Murray City, Utah was determined to be a low-risk auditee.

MURRAY CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

No matters were reported in the prior year.

STATE COMPLIANCE SECTION

MURRAY CITY
SCHEDULE OF EXPENDITURES OF STATE GRANTS, CONTRACTS, AND LOAN FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Grant Name	Award/Contract # (if applicable)	Year of Last Audit	Expenditures
Utah Department of Health			
Emergency Medical Services and Preparedness	E1222034		\$ 9,443
Total Utah Department of Health			<u>9,443</u>
Utah Department of Heritage and Arts			
Utah State History			950
Community Library Enhancement Fund (CLEF)	USL13-0111		11,784
Utah Division of Arts and Museums			1,200
Utah Division of Arts and Museums	APP-22647		1,500
Utah State History/Utah Humanities Council			1,800
Total Utah Department of Heritage and Arts			<u>17,234</u>
Utah Department of Transportation			
House Bill 377 Legislative Allowance			36,651
B & C Road			1,696,795
Total B & C Road			<u>1,733,446</u>
State Revolving Fund			
Utah Wastewater Loan Program			979,806
Total State Revolving Fund			<u>979,806</u>
Utah Department of Public Safety			
Utah State Fire Marshal Grant			5,000
Total Utah Department of Public Safety			<u>5,000</u>
Utah Commission on Criminal and Juvenile Justice			
State Asset Forfeiture Grant	13N35		2,500
Total Utah Commission on Criminal and Juvenile Justice			<u>2,500</u>
Total Grant, Contract, and Loan Fund Expenditures			<u><u>\$ 2,747,429</u></u>



Keddington & Christensen
Certified Public Accountants, LLC

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

**INDEPENDENT AUDITOR'S REPORT
ON STATE OF UTAH
LEGAL COMPLIANCE**

Honorable Mayor and
Members of the City Council
City of Murray
Murray, Utah

Report on Compliance

We have audited the City of Murray's compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013. The general compliance requirements applicable to the City are identified as follows:

Cash Management	Budgetary Compliance
Fund Balance	Justice Courts
Impact Fees	URS Compliance
Transfers from Utility Enterprise Funds	Government Records Access Management Act
Conflicts of Interest	

The City received the following major assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

Auditor's Responsibility

Our responsibility is to express an opinion on Murray City's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, Murray City complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in the accompanying *Schedule of Findings and Recommendations*.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

We did note a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in the accompanying *Schedule of Findings and Recommendations*.

The Murray City's Response to Findings

Management's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. Management's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of Report

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

Keddington & Christensen, LLC

November 15, 2013

CITY OF MURRAY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For The Fiscal Year Ended June 30, 2013

State Legal Compliance Finding

1. General Fund Balance Limitation

Utah State Code Section 10-6-116 (2) states:

The maximum unrestricted fund balance in the general fund may not exceed 25% of the total estimated revenue of the general fund. For cities, the total estimated revenue of the general fund is the current year's total general fund revenue minus any beginning fund balances appropriated.

During our audit we noted that the City had an instance of non-compliance with this section of the Utah Code. The City's unrestricted general fund balance as of June 30, 2013 exceeded the 25% of estimated general fund revenue for 12-13 fiscal year.

Recommendation

The City should ensure that proper training on regulations is provided and appropriate procedures are put in place to promptly comply with these State requirements.

City Response

The City has moved fund balance from the General Fund to the Capital Projects Fund in fiscal year 2014 to bring the City into compliance with state law.