

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**



**MURRAY CITY, UTAH
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

MURRAY CITY, UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

Prepared by



Murray Finance

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INTRODUCTORY SECTION



November 12, 2014

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 (the City) for the fiscal year ending June 30, 2014, 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, 2014, 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.

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. Some of the City Council's responsibilities are: adopting the annual budget, approving committee appointments, and approving department head appointments. 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 protection; fire and ambulance services; construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition 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 provide some economic stability.

Long-term Financial Planning

Since the economy has slowly improved, Murray City has been cautiously proceeding 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, 2013. This was the thirty-third 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 'JM', with a long horizontal flourish extending to the right.

Justin M. Zollinger, CPA
Director of Finance

MURRAY CITY LEADERSHIP

David Ted Eyre
Mayor

Brett A. Hales
Council Chairman

Dave Nicponski
Council Member

D. Blair Camp
Council Member

James A. Brass
Council Member

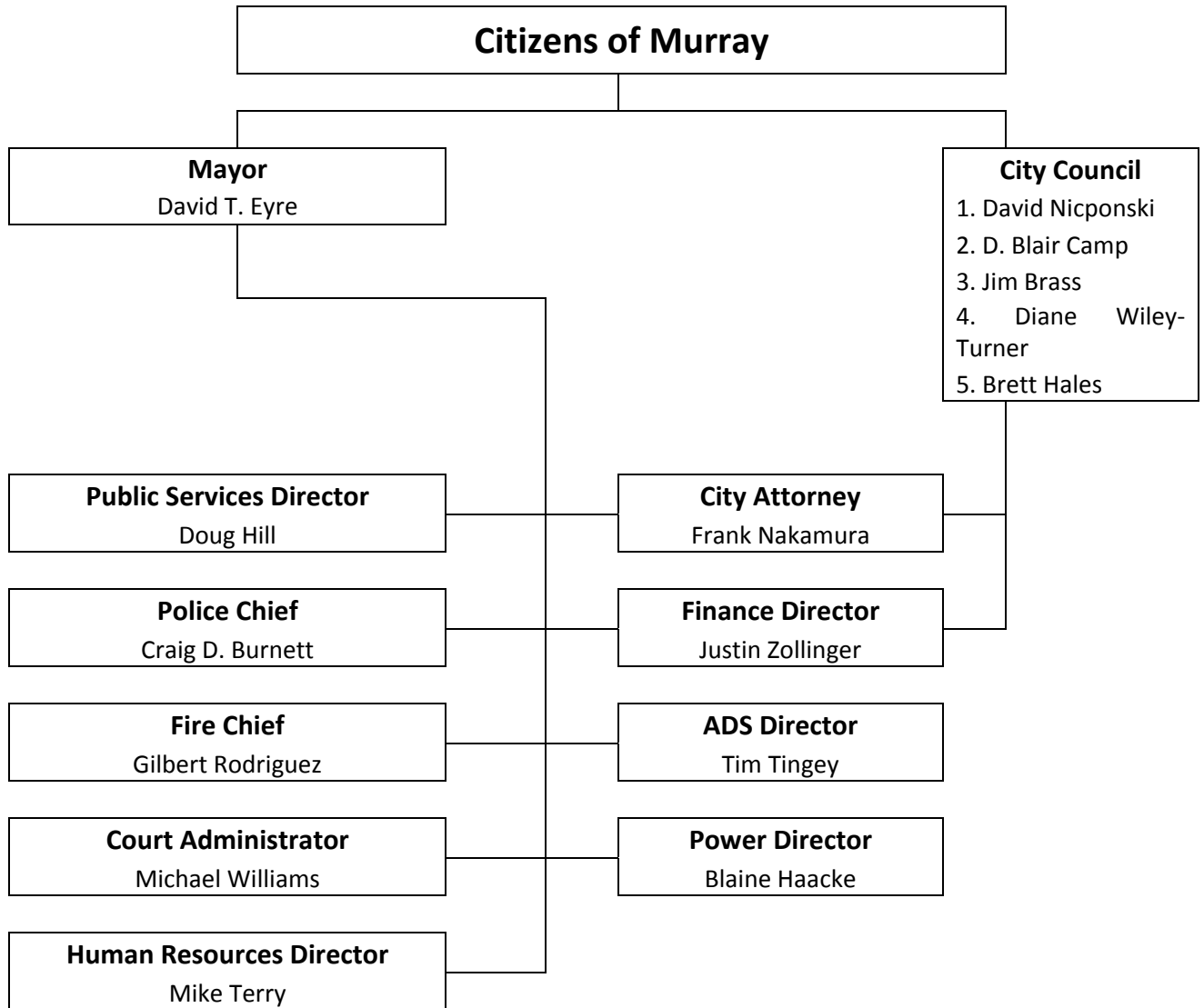
Diane K. Wiley-Turner
Council Member

DEPARTMENT AND DIVISION HEADS

Kim Fong
Craig D. Burnett
Blaine Haacke
Jennifer Kennedy
Douglas P. Hill
Wendell Coombs
Frank Nakamura
Gilbert Rodriguez
Michael P. Terry
W. Paul Thompson
B. Tim Tingey
Justin M. Zollinger
Michael Williams

Library Director
Police Chief
Power General Manager
City Recorder
Public Services Director
City Treasurer
City Attorney
Fire Chief
Human Resources Director
Justice Court Judge
Administrative and Development Services Director
Director of Finance/CFO
Justice Court Administrator

ORGANIZATIONAL 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, 2013

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, 2014, 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, 2014, 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 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, and budgetary comparison schedules 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 12, 2014, 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 12, 2014

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, 2014. 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 \$171,703,062 (net position). Of this amount, \$44,780,830 (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 \$6,679,149. Much of this increase was due to conservative revenue budget estimates in fiscal year 2014. Actual General Fund revenues exceeded projections by \$1,947,448. Part of this variance was from the financial reporting change the Utah State Auditor required local governments make with regards to emergency 911 fees. The audit release was not received by the City until June 24, 2014. The City will budget for emergency 911 fee revenue and expenditures in the future. Sales tax revenue also came in with a 6.8 percent positive budget variance. This was from improved auto and retail sales. Business-type activities saw stable revenue and measured expenses.
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$26,228,574 an increase of \$3,490,292 in comparison with the prior year. A portion of this increase was from a state allocation of approximately 2.5 million for the 1300 East, 5900 South, and Vine Street road projects. Approximately 32 percent of this total amount, \$8,440,291 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 \$8,440,291 or 25 percent of actual general fund revenues. The General Fund's allowable unassigned fund balance decreased by \$1,142,299. This was a result of decreased intergovernmental grant revenue of approximately 2.2 million and reporting changes for Administrative Fees. The portion of reserves that was above the allowable amount was moved to the Capital Projects Fund to be used for one time future capital needs.
- Murray City's total bonded debt decreased by \$5,904,000 or 17.90 percent fiscal year 2014. In the future, Murray City will continue to look for opportunities to retire debt early.

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 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 (business-type).

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 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 and internal service 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 \$171,703,064 at the close of the most recent fiscal year. The largest portion of Murray City's net position (69.16 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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 42,719,396	\$ 38,109,877	\$ 34,882,088	\$ 35,442,489	\$ 77,601,484	\$ 73,552,366
Capital assets	66,012,818	66,534,680	80,233,788	80,885,476	146,246,606	147,420,156
Total assets	<u>108,732,214</u>	<u>104,644,557</u>	<u>115,115,876</u>	<u>116,327,965</u>	<u>223,848,090</u>	<u>220,972,522</u>
Total deferred outflows of resources	-	-	-	131,513	-	131,513
Long-term liabilities outstanding	9,109,293	9,277,082	17,568,891	23,111,660	26,678,184	32,388,742
Other liabilities	6,205,564	5,311,121	8,722,754	8,561,975	14,928,318	13,873,096
Total liabilities	<u>15,314,857</u>	<u>14,588,203</u>	<u>26,291,645</u>	<u>31,673,635</u>	<u>41,606,502</u>	<u>46,261,838</u>
Total deferred inflows of resources	10,538,524	9,818,282	-	-	10,538,524	9,818,282
Net position:						
Net investment in capital assets	56,504,553	57,482,749	62,237,115	56,679,015	118,741,668	114,161,764
Restricted	5,877,926	2,363,899	2,302,640	3,214,520	8,180,566	5,578,419
Unrestricted	20,496,354	20,391,424	24,284,476	24,892,308	44,780,830	45,283,732
Total net position	<u>\$ 82,878,833</u>	<u>\$ 80,238,072</u>	<u>\$ 88,824,231</u>	<u>\$ 84,785,843</u>	<u>\$ 171,703,064</u>	<u>\$ 165,023,915</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 \$44,780,830 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 \$6,679,149 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	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 6,635,339	\$ 5,664,804	\$ 52,005,251	\$ 52,620,586	\$ 58,640,590	\$ 58,285,390
Operating grants and contributions	4,416,861	5,085,195	-	-	4,416,861	5,085,195
Capital grants and contributions	189,034	625,667	38,446	742,946	227,480	1,368,613
General revenues:						
Sales taxes	13,547,887	12,916,025	-	-	13,547,887	12,916,025
Property taxes	10,293,086	10,298,590	-	-	10,293,086	10,298,590
Franchise taxes	4,931,685	4,993,384	-	-	4,931,685	4,993,384
Investment income	120,002	202,882	287,922	287,195	407,924	490,077
Gain/(loss) on disposal of assets	57,336	94,202	24,856	30,452	82,192	124,654
Miscellaneous	279,039	277,508	-	-	279,039	277,508
Total revenues	<u>40,470,269</u>	<u>40,158,257</u>	<u>52,356,475</u>	<u>53,681,179</u>	<u>92,826,744</u>	<u>93,839,436</u>
Expenses:						
General government	8,279,086	7,405,522	-	-	8,279,086	7,405,522
Public safety	17,995,491	16,355,899	-	-	17,995,491	16,355,899
Highways & public improvements	6,809,737	8,666,544	-	-	6,809,737	8,666,544
Parks, recreation, and culture	7,947,202	7,538,992	-	-	7,947,202	7,538,992
Debt service - interest and fiscal charges	363,093	384,433	-	-	363,093	384,433
Water	-	-	4,139,275	4,127,932	4,139,275	4,127,932
Waste water	-	-	3,411,870	3,353,890	3,411,870	3,353,890
Power	-	-	32,412,110	30,312,585	32,412,110	30,312,585
Murray parkway	-	-	1,289,761	1,260,353	1,289,761	1,260,353
Telecommunications	-	-	71,298	63,146	71,298	63,146
Solid waste	-	-	1,189,055	1,126,639	1,189,055	1,126,639
Storm water	-	-	2,239,617	1,918,052	2,239,617	1,918,052
Total expenses	<u>41,394,609</u>	<u>40,351,390</u>	<u>44,752,986</u>	<u>42,162,597</u>	<u>86,147,595</u>	<u>82,513,987</u>
Increase (decrease) in net position before transfers	(924,340)	(193,133)	7,603,489	11,518,582	6,679,149	11,325,449
Transfers - net	3,565,101	3,605,706	(3,565,101)	(3,605,706)	-	-
Increase (decrease) in net position	<u>2,640,761</u>	<u>3,412,573</u>	<u>4,038,388</u>	<u>7,912,876</u>	<u>6,679,149</u>	<u>11,325,449</u>
Net position at beginning of year	80,238,072	76,825,499	84,785,843	76,872,967	165,023,915	153,698,466
Net position at end of year	<u>\$ 82,878,833</u>	<u>\$ 80,238,072</u>	<u>\$ 88,824,231</u>	<u>\$ 84,785,843</u>	<u>\$ 171,703,064</u>	<u>\$ 165,023,915</u>

Governmental Activities

Governmental activities increased Murray City's net position by \$2,640,761. Key elements are as follows:

- Conservative revenue budgets are a significant reason why Murray City has a positive increase in net position. This in combination with leaders requiring a balanced budget promotes sustainability
- Revenue exceeded budget by approximately \$1,947,000, part of this positive variance was the result of the following revenues:
 - \$724,000 from sales tax revenue
 - \$423,000 from emergency 911 fees
 - \$297,000 from licenses and permits
 - \$260,000 from charges for service
- Expenses were kept in check by City leaders following budget controls.

MURRAY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-Type Activities

Business-type activities increased Murray City's net position by \$4,038,388. Key elements are as follows:

- Total operating income was \$7,693,548; this was a decrease of approximately \$730,000 over the prior year. This equates to a 1.4 percent variances.
- The operating expenses increased by approximately \$2,680,000 over the prior year. The majority of this increase was from increased purchase power cost in the Power Fund.
- Interest expense was \$839,477, which was a decrease of \$116,327 over the prior year.
- Despite the decreases in revenue and increases in operating expenses the City still was able to improve its net position through financial restraint by its leadership.

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 endowments and prepaids. 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 \$26,228,574, an increase of \$3,490,292 in comparison with the prior year. Of the total balance, \$138,264 is nonspendable, \$5,877,926 is restricted, \$1,403,959 is committed, \$10,368,134 is assigned, and \$8,440,291 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 \$8,725,755, of which \$122,454 is nonspendable, \$163,010 is restricted, and \$8,440,291 is unassigned.

MURRAY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The Capital Projects Fund has a total fund balance of \$13,375,410, an increase of \$4,686,318 over the prior year. Of the total fund balance, 3,007,276 was restricted. The remaining amount is for capital improvements and construction of a new city hall. This fund will continue to increase over the next few years as saving occurs for the new city hall.

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 \$5,586,379, in the Waste Water Fund \$5,689,772, in the Power Fund \$11,046,311, and in the Storm Water Fund \$841,087.

The following funds received capital contributions: Water \$24,524, Waste Water \$10,422, and Power \$3,500. These contributions of water and sewer lines, and power improvements came from developers within the City.

General Fund Budgetary Highlights

The original budget and the final amended budget decreased by (\$1,977,262), the material changes are summarized as follows:

- A decrease in how the City allocates cost for administrative overhead of (\$2,919,532), this change was the result of the Utah's State Auditor changing how this should be reported in Utah.
- Increase budget in streets and highways for Class C road fund reserves use of \$268,000.
- Increase budget in streets and highways for Jordan Cannel reconstruction of \$190,000.
- Increase budget in the police for Beer Tax money of \$157,000.
- Increase budget in the police and fire for grant money of \$131,000.
- Increase budget in the police for narcotics equipment money of \$30,000.
- Increase budget in the police for animal control costs of \$25,000.

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, 2014 was \$146,246,606 (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 \$1,173,550. This represents a decrease of \$521,862 for governmental activities and a \$651,688 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**

Approximate costs for major capital projects and investments during fiscal year 2014 are as follows:

- 4874 South State property acquisition for \$1,311,000 for the Redevelopment Agency
- McGhie Well replacement water project for \$769,000
- Asphalt Grinder lease purchase of \$414,000
- 5900 South storm drain project \$389,000
- Kenwood Drive road project \$381,000
- Capri storm drain project \$378,000
- Jensen Lane storm drain property acquisition \$307,000
- Parkside storm drain project \$254,000
- Avalon/Kenwood Drive storm drain project \$197,000
- Digger Derrick equipment purchase of \$147,000

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 14,484,896	\$ 13,077,618	\$ 6,974,069	\$ 6,974,069	\$ 21,458,965	\$ 20,051,687
Buildings	18,818,961	19,447,896	1,268,850	1,328,026	20,087,811	20,775,922
Improvements other than buildings	3,059,594	3,595,161	60,199,753	61,228,950	63,259,347	64,824,111
Machinery and equipment	3,897,906	3,746,998	7,659,078	7,288,336	11,556,984	11,035,334
Infrastructure	25,293,445	26,130,013	-	-	25,293,445	26,130,013
Intangibles	-	-	1,457,500	2,008,029	1,457,500	2,008,029
Construction in progress	458,016	536,994	2,674,538	2,058,066	3,132,554	2,595,060
Total net capital assets	<u>\$ 66,012,818</u>	<u>\$ 66,534,680</u>	<u>\$ 80,233,788</u>	<u>\$ 80,885,476</u>	<u>\$ 146,246,606</u>	<u>\$ 147,420,156</u>

Additional information regarding the City's capital assets can be found in Note 6 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 \$27,076,000. All of Murray City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Murray City's Outstanding Revenue Bonds

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
	\$ 9,028,000	\$ 8,860,000	\$ 18,048,000	\$ 24,120,000	\$ 27,076,000	\$ 32,980,000

Murray City's bonded debt decreased by \$5,904,000 or 17.90 percent in fiscal year 2014.

MURRAY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The Power Fund early retired \$3,350,000 million of 2004 Electrical Revenue Bonds with interest ranging from 3.00% - 5.25%. This transaction retired all of the 2004 Electric Revenue Bonds and saved the City interest of \$622,870.

The Water & Waste Water Funds early retired \$410,000 million of 2003 Water & Sewer Revenue Bonds with interest ranging from 2.00% - 5.25%. This transaction retired all of the 2003 Water & Sewer Revenue Bonds and saved the City interest of \$8,303.

Additional information on Murray City's long-term debt can be found in Note 11 in the notes to the financial statements of this report.

Economic Factors and Next Year's Budgets and Rates

In August 2014, the City increased solid waste fees by .25 cents per month for the first garbage and recycling can, and increased the charge for a second can by .15 cents 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 guarantees a certain level of sales tax revenue for the City for two more years. The City has not needed this provision the last three fiscal 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, 2014

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 20,405,669	\$ 16,046,917	\$ 36,452,586
Investments	5,992,016	5,992,016	11,984,032
Accounts receivable (net of allowance)	11,159,383	4,378,479	15,537,862
Notes receivable	-	30,984	30,984
Due from other governments	2,820,829	111,150	2,931,979
Inventory	70,548	2,411,804	2,482,352
Prepaid items	122,455	528	122,983
Noncurrent assets:			
Restricted cash	445,231	2,302,640	2,747,871
Notes receivable	-	430,235	430,235
Investments in joint ventures	1,703,265	3,177,335	4,880,600
Capital assets, not being depreciated:			
Land	14,484,896	6,974,069	21,458,965
Construction in progress	458,016	2,674,538	3,132,554
Capital assets, net of accumulated depreciation:			
Buildings	18,818,961	1,268,850	20,087,811
Improvements other than buildings	3,059,594	60,199,753	63,259,347
Machinery and equipment	3,897,906	7,659,078	11,556,984
Infrastructure	25,293,445	-	25,293,445
Intangibles	-	1,457,500	1,457,500
Total assets	108,732,214	115,115,876	223,848,090
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	1,015,198	4,607,977	5,623,175
Accrued liabilities	1,232,713	367,532	1,600,245
Customer deposits	453,385	1,303,125	1,756,510
Compensated absences	1,884,736	722,969	2,607,705
Interest payable	54,827	111,167	165,994
Notes payable	-	30,984	30,984
Bonds and leases payable	1,564,705	1,579,000	3,143,705
Noncurrent liabilities:			
Compensated absences	818,425	409,573	1,227,998
Net OPEB payable	347,308	311,410	658,718
Notes payable	-	430,235	430,235
Bonds and leases payable	7,943,560	16,417,673	24,361,233
Total liabilities	15,314,857	26,291,645	41,606,502
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows-property taxes	10,538,524	-	10,538,524
Total deferred inflows of resources	10,538,524	-	10,538,524
<u>NET POSITION</u>			
Net investment in capital assets	56,504,553	62,237,115	118,741,668
Restricted			
Capital	5,392,794	2,132,120	7,524,914
Debt service	74,502	170,520	245,022
Library	321,747	-	321,747
Other purposes	88,883	-	88,883
Unrestricted	20,496,354	24,284,476	44,780,830
Total net position	\$ 82,878,833	\$ 88,824,231	\$ 171,703,064

The accompanying notes are an integral part of this statement.

**MURRAY CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Operating</u>		<u>Capital</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
		<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>Grants and Contributions</u>			
Governmental activities							
General government	\$ 8,279,086	\$ 3,338,583	\$ -	\$ -	\$ (4,940,503)	\$ -	\$ (4,940,503)
Public safety	17,995,491	1,531,168	222,327	-	(16,241,996)	-	(16,241,996)
Highways and public improvements	6,809,737	70,970	3,990,131	189,034	(2,559,602)	-	(2,559,602)
Parks, recreation, and culture	7,947,202	1,694,618	204,403	-	(6,048,181)	-	(6,048,181)
Debt service - interest and fiscal charges	363,093	-	-	-	(363,093)	-	(363,093)
Total governmental activities	<u>41,394,609</u>	<u>6,635,339</u>	<u>4,416,861</u>	<u>189,034</u>	<u>(30,153,375)</u>	<u>-</u>	<u>(30,153,375)</u>
Business-type activities							
Water	4,139,275	5,496,992	-	24,524	-	1,382,241	1,382,241
Waste water	3,411,870	4,370,563	-	10,422	-	969,115	969,115
Power	32,412,110	37,513,547	-	3,500	-	5,104,937	5,104,937
Murray parkway	1,289,761	1,320,141	-	-	-	30,380	30,380
Telecommunication	71,298	70,828	-	-	-	(470)	(470)
Solid waste	1,189,055	1,369,488	-	-	-	180,433	180,433
Storm water	2,239,617	1,863,692	-	-	-	(375,925)	(375,925)
Total business-type activities	<u>44,752,986</u>	<u>52,005,251</u>	<u>-</u>	<u>38,446</u>	<u>-</u>	<u>7,290,711</u>	<u>7,290,711</u>
			General Revenues:				
					13,547,887	-	13,547,887
					10,293,086	-	10,293,086
					4,931,685	-	4,931,685
					120,002	287,922	407,924
					57,336	24,856	82,192
					279,039	-	279,039
					3,565,101	(3,565,101)	-
					<u>32,794,136</u>	<u>(3,252,323)</u>	<u>29,541,813</u>
					2,640,761	4,038,388	6,679,149
					80,238,072	84,785,843	165,023,915
					<u>\$ 82,878,833</u>	<u>\$ 88,824,231</u>	<u>\$ 171,703,064</u>

The accompanying notes are an integral part of this statement.

MURRAY CITY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2014

	Governmental Fund Types				Total Governmental Funds
	General	Capital Projects	Redevelopment Agency	Other Governmental Funds	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 4,102,319	\$ 10,363,532	\$ 2,478,574	\$ 1,786,261	\$ 18,730,686
Investments	2,996,008	2,996,008	-	-	5,992,016
Receivables, net:					
Property taxes	6,077,592	-	3,074,312	1,479,103	10,631,007
Other	502,853	24,768	-	224	527,845
Due from other funds	22,590	-	-	-	22,590
Due from other governments	2,784,091	-	-	36,738	2,820,829
Prepaid items	122,455	-	-	-	122,455
Restricted cash	397	104,521	324,503	15,810	445,231
Total assets	16,608,305	13,488,829	5,877,389	3,318,136	39,292,659
<u>LIABILITIES</u>					
Accounts payable	353,788	113,419	416,184	68,853	952,244
Accrued liabilities	946,514	-	-	24,186	970,700
Due to other funds	-	-	-	22,590	22,590
Deposits	452,385	-	1,000	-	453,385
Total liabilities	1,752,687	113,419	417,184	115,629	2,398,919
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred inflows-ambulance billing	126,642	-	-	-	126,642
Deferred inflows-property taxes	6,003,221	-	3,074,312	1,460,991	10,538,524
Total deferred inflows of resources	6,129,863	-	3,074,312	1,460,991	10,665,166
<u>FUND BALANCE</u>					
Nonspendable	122,454	-	-	15,810	138,264
Restricted	163,010	3,007,276	2,385,893	321,747	5,877,926
Committed	-	-	-	1,403,959	1,403,959
Assigned	-	10,368,134	-	-	10,368,134
Unassigned	8,440,291	-	-	-	8,440,291
Total fund balances	8,725,755	13,375,410	2,385,893	1,741,516	26,228,574
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 16,608,305	\$ 13,488,829	\$ 5,877,389	\$ 3,318,136	\$ 39,292,659

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, 2014

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

Total Fund Balances - Total Governmental Funds	\$ 26,228,574
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	67,716,083
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources.	126,642
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.	1,378,802
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(12,571,268)</u>
Net Position - Governmental Activities	<u><u>\$ 82,878,833</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, 2014

	Governmental Fund Types				Total Governmental Funds
	General	Capital Projects	Redevelopment Agency	Other Governmental Funds	
<u>REVENUES</u>					
Sales taxes	\$ 13,547,887	\$ -	\$ -	\$ -	\$ 13,547,887
Property taxes	6,561,335	-	-	1,598,170	8,159,505
Tax increment	-	-	2,133,581	-	2,133,581
Franchise taxes	4,931,685	-	-	-	4,931,685
Licenses and permits	1,400,438	-	-	-	1,400,438
Intergovernmental	1,842,943	2,525,000	-	48,918	4,416,861
Charges for services	2,888,781	-	-	3,510	2,892,291
Fines and forfeitures	1,877,818	-	-	60,327	1,938,145
Emergency 911 Fees	423,768	-	-	-	423,768
Miscellaneous	237,571	30,123	3,644	7,701	279,039
Investment income	48,939	39,391	11,902	12,173	112,405
Total revenues	33,761,165	2,594,514	2,149,127	1,730,799	40,235,605
<u>EXPENDITURES</u>					
General government	6,276,318	193,993	-	-	6,470,311
Public safety	17,167,250	463,420	-	-	17,630,670
Highways and public improvements	3,830,982	1,084,716	2,472,964	36,738	7,425,400
Parks, recreation, and culture	5,444,320	171,986	-	1,676,261	7,292,567
Debt service:					
Principal	1,265,294	23,548	-	-	1,288,842
Interest and fiscal charges	351,415	1,635	26,696	-	379,746
Pledge payment - UTOPIA debt service	1,615,214	-	-	-	1,615,214
Total expenditures	35,950,793	1,939,298	2,499,660	1,712,999	42,102,750
Excess (deficiency) of revenues over (under) expenditures	(2,189,628)	655,216	(350,533)	17,800	(1,867,145)
<u>OTHER FINANCING SOURCES (USES)</u>					
Capital leases	5,920	414,080	-	-	420,000
Bonds issued	-	-	1,343,000	-	1,343,000
Transfers in	4,649,379	3,787,686	-	33,873	8,470,938
Transfers out	(3,740,770)	(200,000)	(963,299)	(1,768)	(4,905,837)
Sale of capital assets	-	29,336	-	-	29,336
Total other financing sources (uses)	914,529	4,031,102	379,701	32,105	5,357,437
Net change in fund balance	(1,275,099)	4,686,318	29,168	49,905	3,490,292
Fund balance at beginning of year	10,000,854	8,689,092	2,356,725	1,691,611	22,738,282
Fund balance at end of year	\$ 8,725,755	\$ 13,375,410	\$ 2,385,893	\$ 1,741,516	\$ 26,228,574

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, 2014

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

Net change in fund balances - total governmental funds	\$	3,490,292
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.		(517,927)
Revenue in the fund statements that are not recognized in the government-wide		(19,303)
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 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.		(457,505)
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.		160,152
The net revenue of certain activities of the Internal Service Funds are reported with governmental activities		<u>(14,948)</u>
Change in net position of governmental activities	\$	<u><u>2,640,761</u></u>

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, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Sales taxes	\$ 12,682,000	\$ 12,823,460	\$ 13,547,887	\$ 724,427
Property taxes	6,619,202	6,619,202	6,561,335	(57,867)
Franchise taxes	4,825,000	4,825,000	4,931,685	106,685
Licenses and permits	1,103,000	1,103,000	1,400,438	297,438
Intergovernmental	1,586,017	1,835,869	1,842,943	7,074
Charges for services	2,586,500	2,628,468	2,888,781	260,313
Fines and forfeitures	1,703,000	1,703,000	1,877,818	174,818
Emergency 911 Fees	-	-	423,768	423,768
Miscellaneous	167,000	200,718	237,571	36,853
Investment income	75,000	75,000	48,939	(26,061)
Total revenues	<u>31,346,719</u>	<u>31,813,717</u>	<u>33,761,165</u>	<u>1,947,448</u>
<u>EXPENDITURES</u>				
General government:				
Legislative	305,786	133,498	124,012	9,486
Justice court	1,532,011	1,533,411	1,497,981	35,430
Mayor	494,621	275,087	231,970	43,117
Finance	517,019	316,739	293,985	22,754
Legal	446,191	218,842	213,530	5,312
Nondepartmental	951,306	953,075	886,237	66,838
Personnel	302,905	225,712	206,985	18,727
Administrative and development Services	5,111,596	3,085,539	2,821,618	263,921
Total general government	<u>9,661,435</u>	<u>6,741,903</u>	<u>6,276,318</u>	<u>465,585</u>
Public safety:				
Police department	10,242,227	10,597,008	10,094,611	502,397
Fire department	6,853,996	6,938,989	6,648,871	290,118
Emergency 911 Service	-	-	423,768	(423,768)
Total public safety	<u>17,096,223</u>	<u>17,535,997</u>	<u>17,167,250</u>	<u>368,747</u>
Highways and public improvements				
Engineering	662,879	663,740	608,770	54,970
Streets and highways	2,815,181	3,289,345	3,130,998	158,347
Shops and garages	95,600	95,600	91,214	4,386
Total highways and public improvements	<u>3,573,660</u>	<u>4,048,685</u>	<u>3,830,982</u>	<u>217,703</u>
Parks, recreation, and culture				
Parks and recreation	5,178,405	5,204,440	5,070,971	133,469
Cemetery	420,139	421,575	373,349	48,226
Total parks, recreation, and culture	<u>5,598,544</u>	<u>5,626,015</u>	<u>5,444,320</u>	<u>181,695</u>
Debt service:				
Principal	1,255,000	1,266,425	1,265,294	1,131
Interest	363,551	352,126	351,415	711
Pledge payment - UTOPIA debt service	1,619,333	1,619,333	1,615,214	4,119
Total debt service	<u>3,237,884</u>	<u>3,237,884</u>	<u>3,231,923</u>	<u>5,961</u>
Total expenditures	<u>39,167,746</u>	<u>37,190,484</u>	<u>35,950,793</u>	<u>1,239,691</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Capital leases	-	-	5,920	5,920
Transfers in	4,647,611	4,649,380	4,649,379	(1)
Transfers out	(2,034,873)	(4,125,642)	(3,740,770)	384,872
Net other financing sources (uses)	<u>2,612,738</u>	<u>523,738</u>	<u>914,529</u>	<u>390,791</u>
Net change in fund balance	(5,208,289)	(4,853,029)	(1,275,099)	3,577,930
Fund balance at beginning of year	10,000,854	10,000,854	10,000,854	-
Fund balance at end of year	<u>\$ 4,792,565</u>	<u>\$ 5,147,825</u>	<u>\$ 8,725,755</u>	<u>\$ 3,577,930</u>

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2014

	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		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 3,830,040	\$ 2,314,780	\$ 7,430,301	\$ 1,123,062	\$ 1,348,734	\$ 16,046,917	\$ 1,674,983
Investments	1,997,339	-	3,994,677	-	-	5,992,016	-
Accounts receivable (net)	759,306	328,484	3,032,217	142,345	116,127	4,378,479	531
Notes receivable	-	-	-	-	30,984	30,984	-
Due from other funds	125,095	-	-	-	-	125,095	-
Due from other governments	-	111,150	-	-	-	111,150	-
Inventory	-	-	2,327,548	-	84,256	2,411,804	70,548
Prepaid items	-	-	278	-	250	528	-
Total current assets	6,711,780	2,754,414	16,785,021	1,265,407	1,580,351	29,096,973	1,746,062
Noncurrent assets:							
Restricted cash	24	354,492	1,323	1,946,801	-	2,302,640	-
Notes receivable	-	-	-	-	430,235	430,235	-
Investment in joint venture	-	3,177,335	-	-	-	3,177,335	-
Capital assets:							
Land	2,155,313	455,921	1,691,650	2,344,849	326,336	6,974,069	-
Buildings	919,021	949,132	3,410,311	-	819,374	6,097,838	-
Improvements other than buildings	26,447,023	12,222,810	76,519,089	33,303,318	3,734,149	152,226,389	-
Machinery and equipment	2,760,754	1,102,902	12,731,528	1,134,823	972,781	18,702,788	151,134
Intangibles	-	-	3,759,027	-	-	3,759,027	-
Construction in progress	1,091,111	4,034	30,842	1,548,551	-	2,674,538	-
Accumulated depreciation and amortization	(14,992,631)	(6,599,158)	(59,859,775)	(23,961,838)	(4,787,459)	(110,200,861)	(103,486)
Total noncurrent assets	18,380,615	11,667,468	38,283,995	16,316,504	1,495,416	86,143,998	47,648
Total assets	25,092,395	14,421,882	55,069,016	17,581,911	3,075,767	115,240,971	1,793,710
LIABILITIES							
Current liabilities:							
Accounts payable	794,079	99,816	3,297,582	318,174	98,326	4,607,977	62,954
Accrued liabilities	31,827	13,535	243,894	18,871	59,405	367,532	262,013
Due to other funds	-	-	-	-	125,095	125,095	-
Accrued interest payable	19,924	29,310	33,777	28,156	-	111,167	-
Compensated absences	121,978	63,400	418,721	37,739	81,131	722,969	29,488
Notes payable	-	-	-	-	30,984	30,984	-
Bonds payable	40,682	128,318	1,200,000	210,000	-	1,579,000	-
Total current liabilities	1,008,490	334,379	5,193,974	612,940	394,941	7,544,724	354,455
Noncurrent liabilities:							
Deposits	9,950	-	1,293,175	-	-	1,303,125	-
Compensated absences	69,102	35,916	237,212	21,380	45,963	409,573	12,805
Net OPEB payable	84,714	-	226,696	-	-	311,410	-
Notes payable	-	-	-	-	430,235	430,235	-
Bonds payable	2,871,870	2,540,644	8,328,565	2,676,594	-	16,417,673	-
Total noncurrent liabilities	3,035,636	2,576,560	10,085,648	2,697,974	476,198	18,872,016	12,805
Total liabilities	4,044,126	2,910,939	15,279,622	3,310,914	871,139	26,416,740	367,260
NET POSITION							
Net investment in capital assets	15,468,039	5,466,679	28,754,107	11,483,109	1,065,181	62,237,115	47,648
Restricted for capital	-	185,437	-	1,946,683	-	2,132,120	-
Restricted for debt service	24	169,055	1,323	118	-	170,520	-
Unrestricted	5,580,206	5,689,772	11,033,964	841,087	1,139,447	24,284,476	1,378,802
Total net position	\$ 21,048,269	\$ 11,510,943	\$ 39,789,394	\$ 14,270,997	\$ 2,204,628	\$ 88,824,231	\$ 1,426,450

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, 2014

	Business-type Activities - Enterprise Funds					Total	Governmental
	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non-Major Enterprise Funds		Internal Service Funds
<u>OPERATING REVENUES</u>							
Charges for services	\$ 5,334,346	\$ 4,115,475	\$ 34,667,148	\$ 1,603,860	\$ 2,759,379	\$ 48,480,208	\$ 1,331,791
Connection and servicing fees	11,834	1,475	215,173	-	-	228,482	-
Other	13,041	750	2,436,018	248,229	1,078	2,699,116	-
Total operating revenues	5,359,221	4,117,700	37,318,339	1,852,089	2,760,457	51,407,806	1,331,791
<u>OPERATING EXPENSES</u>							
Wages and benefits	1,334,978	616,567	5,155,678	578,779	833,364	8,519,366	485,017
Administrative fees	583,809	379,821	1,569,251	89,381	114,496	2,736,758	1,250
Depreciation and amortization	1,008,531	428,728	3,074,664	1,199,304	159,751	5,870,978	3,935
Operations and maintenance	1,103,439	1,684,672	22,060,566	300,095	1,438,384	26,587,156	864,134
Total operating expenses	4,030,757	3,109,788	31,860,159	2,167,559	2,545,995	43,714,258	1,354,336
Operating income (loss)	1,328,464	1,007,912	5,458,180	(315,470)	214,462	7,693,548	(22,545)
<u>NONOPERATING REVENUES (EXPENSES)</u>							
Investment income	28,410	11,581	223,494	18,796	5,641	287,922	7,597
Interest and fiscal charges	(108,518)	(102,831)	(551,951)	(72,058)	(4,119)	(839,477)	-
Impact fees	137,771	252,863	195,208	11,603	-	597,445	-
Equity in income of joint venture	-	(199,251)	-	-	-	(199,251)	-
Gain/(loss) on disposal of assets	43,930	(41,298)	12,187	8,413	1,624	24,856	-
Total nonoperating revenues (expenses)	101,593	(78,936)	(121,062)	(33,246)	3,146	(128,505)	7,597
Income (loss) before contributions and transfers	1,430,057	928,976	5,337,118	(348,716)	217,608	7,565,043	(14,948)
Capital contributions	24,524	10,422	3,500	-	-	38,446	-
Transfers in	-	-	218,264	-	-	218,264	-
Transfers out	(455,677)	(311,430)	(2,823,483)	(112,032)	(80,743)	(3,783,365)	-
Change in net position	998,904	627,968	2,735,399	(460,748)	136,865	4,038,388	(14,948)
Total net position, beginning	20,049,365	10,882,975	37,053,995	14,731,745	2,067,763	84,785,843	1,441,398
Total net position - ending	\$ 21,048,269	\$ 11,510,943	\$ 39,789,394	\$ 14,270,997	\$ 2,204,628	\$ 88,824,231	\$ 1,426,450

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$ 5,404,025	\$ 4,113,112	\$37,566,600	\$ 1,844,559	\$ 2,752,967	\$ 51,681,263	\$ 1,331,260
Payments to suppliers of goods and services	(551,376)	(1,683,602)	(22,191,035)	(185,575)	(1,444,969)	(26,056,557)	(854,738)
Payments to employees for services	(1,365,049)	(613,489)	(5,081,573)	(578,087)	(822,817)	(8,461,015)	(480,054)
Payment for interfund services	(583,809)	(379,821)	(1,569,251)	(89,381)	(114,496)	(2,736,758)	(1,250)
Investments in joint venture	-	(86,717)	-	-	-	(86,717)	-
Net cash provided (used) by operating activities	2,903,791	1,349,483	8,724,741	991,516	370,685	14,340,216	(4,782)
Cash flows from noncapital financing activities							
Transfers from other funds	-	-	218,264	-	-	218,264	-
Transfers to other funds	(455,677)	(311,430)	(2,823,483)	(112,032)	(80,743)	(3,783,365)	-
Changes to interfund receivables and payables	39,681	-	-	-	(39,681)	-	-
Net cash provided (used) by noncapital financing activities	(415,996)	(311,430)	(2,605,219)	(112,032)	(120,424)	(3,565,101)	-
Cash flows from capital and related financing activities							
Proceeds from sale of capital assets	79,112	-	47,634	39,484	1,624	167,854	-
Purchases of capital assets	(1,706,117)	(301,766)	(1,335,931)	(1,868,263)	(111,764)	(5,323,841)	-
Impact fees	137,771	252,863	195,208	11,603	-	597,445	-
Principal paid on debt	(522,671)	(414,433)	(5,057,318)	(215,366)	-	(6,209,788)	-
Interest and fiscal charges paid on capital debt	(113,831)	(95,044)	(435,678)	(69,322)	(4,119)	(717,994)	-
Net cash provided (used) by capital and related financing activities	(2,125,736)	(558,380)	(6,586,085)	(2,101,864)	(114,259)	(11,486,324)	-
Cash flows from investing activities							
Sale (purchase) of investments	(1,997,339)	-	(3,994,677)	-	-	(5,992,016)	-
Investment income	28,410	11,581	223,494	18,796	5,641	287,922	7,597
Net cash provided by investing activities	(1,968,929)	11,581	(3,771,183)	18,796	5,641	(5,704,094)	7,597
Net increase (decrease) in cash and cash equivalents	(1,606,870)	491,254	(4,237,746)	(1,203,584)	141,643	(6,415,303)	2,815
Cash and cash equivalents - beginning of year	5,436,934	2,178,018	11,669,370	4,273,447	1,207,091	24,764,860	1,672,168
Cash and cash equivalents - end of year	\$ 3,830,064	\$ 2,669,272	\$ 7,431,624	\$ 3,069,863	\$ 1,348,734	\$ 18,349,557	\$ 1,674,983
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ 1,328,464	\$ 1,007,912	\$ 5,458,180	\$ (315,470)	\$ 214,462	\$ 7,693,548	\$ (22,545)
Adjustments to reconcile operating income to net cash provided by:							
Depreciation and amortization	1,008,531	428,728	3,074,664	1,199,304	159,751	5,870,978	3,935
Investments in joint ventures	-	(86,717)	-	-	-	(86,717)	-
(Increase) decrease in receivables	44,804	(4,588)	248,261	(7,530)	(7,490)	273,457	(531)
(Increase) decrease in inventory and prepaid items	-	-	(206,249)	-	1	(206,248)	14,914
(Increase) decrease in liabilities	521,992	4,148	149,885	115,212	3,961	795,198	(555)
Net cash provided by operating activities	\$ 2,903,791	\$ 1,349,483	\$ 8,724,741	\$ 991,516	\$ 370,685	\$ 14,340,216	\$ (4,782)
Noncash investing, capital and financing activities							
Capital contributions - developers	\$ 24,524	\$ 10,422	\$ 3,500	\$ -	\$ -	\$ 38,446	\$ -

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 for governmental entities.

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 organizations board 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. During fiscal year 2014, all remaining assets of the MBA were transferred to the General Fund, and the MBA was placed into dormancy. The MBA is included in these financial statements as the Municipal Building Authority Special Revenue Fund, but will not be included in future years until taken out of dormancy. 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. 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, Fireclay, 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 internal service funds: Central Garage and Retained Risk. 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, 2014 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 weighted average cost method. 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.

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 2014 are the only items that are reported 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 expenditure in the period incurred.

Fund Equity

GASB Statement No. 54 outlines reporting categories for fund balance in governmental funds. The category definitions are as follows:

- Nondisposable – Some of the resources reported in a governmental fund cannot be spent because they are not in spendable form. Other resources reported in governmental funds are in spendable form, but still cannot be spent because they are legally or contractually required to be maintained intact.
- Restricted – Some constraints on the use of resources are externally enforceable. Most often, such restrictions are imposed by parties outside the government (creditors, grantors, contributors, and laws or regulations of other governments). Such restrictions also may result from constitutional provisions or enabling legislations.
- Committed – A government at its highest level of decision-making authority may formally place a constraint on the use of its own resources (for example, dedicated revenues) that remain legally binding unless removed in the same manner.
- Assigned – Governments frequently desire to set aside (earmark) resources for particular purposes. This requires the Mayor to propose the resources to be set aside and Council to ratify this action subsequent to the end of the fiscal period.
- Unassigned – All other resources that are not required to be reported in one of the other four fund balance categories. This category is only used in the general fund.

The City adopted into ordinance these fund balance definitions and policies on November 19, 2013.

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.

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

Financial statement fund balance category details are as follows:

Fund	General	Capital Projects	Redevelopment Agency	Other Governmental funds	Total
Nonspendable					
Prepays	\$ 122,454	\$ -	\$ -	\$ -	\$ 122,454
Library endowment	-	-	-	15,810	15,810
Restricted					
Beer tax	73,383	-	-	-	73,383
Class C	74,127	-	-	-	74,127
Historic smelter	15,500	-	-	-	15,500
Escrow account	-	104,521	250,000	-	354,521
State allowance	-	2,902,755	-	-	2,902,755
Redevelopment	-	-	1,860,065	-	1,860,065
Debt Service	-	-	74,502	-	74,502
Library	-	-	-	321,747	321,747
Low income housing	-	-	201,326	-	201,326
Committed					
Cemetery perpetual care	-	-	-	1,403,959	1,403,959
Assigned					
Capital projects	-	10,368,134	-	-	10,368,134
Unassigned					
	8,440,291	-	-	-	8,440,291
Total	\$ 8,725,755	\$ 13,375,410	\$ 2,385,893	\$ 1,741,516	\$ 26,228,574

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	\$ 66,012,818
Investment in joint venture	1,703,265
Total difference	\$ 67,716,083

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, 2014 were:

Sales tax revenue bonds	\$ 9,028,000
Bond issuance premium	97,495
Capital leases	382,770
Interest payable on long-term debt	54,827
Net OPEB payable	347,308
Compensated absences	2,660,868
Total difference	\$ 12,571,268

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	\$	3,315,107
Trade-ins		28,000
Capital contributions		189,034
Depreciation expense		<u>(4,050,068)</u>
Net difference, as reported	\$	<u>(517,927)</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, 2014, the City's demand deposits and cash on hand totaled \$6,905,897.

As of June 30, 2014, the City has investments in the Utah Public Treasurer's Investment Fund (PTIF) of \$32,863,854. 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 \$33,030,211. 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

The following are the City's cash and cash equivalents and investments as of June 30, 2014:

Deposits and Investment Maturities (in Years)				
Description	Amortized Cost Basis			Quality Ratings
	Less Than 1	1-5	6-10	
Cash and cash equivalents				
Public Treasurer's Investment Fund	\$ 32,863,854	\$ -	\$ -	Unrated
Zions bank deposits	\$ 3,588,732	\$ -	\$ -	Unrated
Total cash and cash equivalents	\$ 36,452,586	\$ -	\$ -	
Fair Market Value				
Investments				
Money Market Mutual Fund	750,469	-	-	AAA
U.S. Agencies	-	6,047,626	-	AA+
Corporate notes	2,146,869	2,017,165	-	BBB to A+
U.S. Treasuries	-	772,405	-	AA+
Municipal Agencies	-	249,498	-	AA
Total investments	\$ 2,897,338	\$ 9,086,694	\$ -	

The City has acquired the services of Moreton Asset Management, LLC; an investment advisor approved by the Utah State Treasurer. This entity invests City money in compliance with the Utah Money Management Act. At year end, the City adjusted investments to fair market value which resulted in a loss of \$15,701.

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, 2014, \$6,655,897 of the City's \$6,905,897 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, \$354,521 of the City's deposits are held in an escrow for purchase of land and land rights.

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

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 investment grade or higher by Standard & Poor's or Moody's. The City invests 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. 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	\$ 36,452,586
Investments	11,984,032
Restricted cash	<u>2,747,871</u>
	<u>\$ 51,184,489</u>

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – RECEIVABLES

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

	General	Capital Projects	Redevelopment Agency	Other Governmental Funds	Water	Waste Water	Power	Storm Water	Nonmajor Funds	Internal Service Funds	Total
Property taxes	\$ 6,077,592	\$ -	\$ 3,074,312	\$ 1,479,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,631,007
Accounts receivable	902,414	24,768	-	224	768,231	335,862	3,155,648	145,494	118,519	531	5,451,691
Notes receivable	-	-	-	-	-	-	-	-	461,219	-	461,219
Intergovernmental	2,784,091	-	-	36,738	-	111,150	-	-	-	-	2,931,979
Gross receivables	9,764,097	24,768	3,074,312	1,516,065	768,231	447,012	3,155,648	145,494	579,738	531	19,475,896
Less: allowance for uncollectibles	(399,561)	-	-	-	(8,925)	(7,378)	(123,431)	(3,149)	(2,392)	-	(544,836)
Net total receivables	\$ 9,364,536	\$ 24,768	\$ 3,074,312	\$ 1,516,065	\$ 759,306	\$ 439,634	\$ 3,032,217	\$ 142,345	\$ 577,346	\$ 531	\$ 18,931,060

NOTE 6 – CAPITAL ASSETS

Capital asset governmental activity for the year ended June 30, 2014 was as follows:

Governmental activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 13,077,618	\$ 1,407,278	\$ -	\$ -	\$ 14,484,896
Construction in progress	536,994	855,373	-	(934,351)	458,016
Total capital assets, not being depreciated	13,614,612	2,262,651	-	(934,351)	14,942,912
Capital assets, being depreciated:					
Buildings	31,992,865	82,205	-	192,531	32,267,601
Improvements other than buildings	16,187,333	1,800	(7,844,595)	-	8,344,538
Infrastructure	66,946,969	187,234	-	716,270	67,850,473
Machinery and equipment	13,037,750	998,251	(434,977)	25,550	13,626,574
Total capital assets being depreciated	128,164,917	1,269,490	(8,279,572)	934,351	122,089,186
Less accumulated depreciation for:					
Buildings	(12,544,969)	(903,671)	-	-	(13,448,640)
Improvements other than buildings	(12,592,172)	(537,367)	7,844,595	-	(5,284,944)
Infrastructure	(40,816,956)	(1,740,072)	-	-	(42,557,028)
Machinery and equipment	(9,290,752)	(872,893)	434,977	-	(9,728,668)
Total accumulated depreciation	(75,244,849)	(4,054,003)	8,279,572	-	(71,019,280)
Total capital assets, being depreciated, (net)	52,920,068	(2,784,513)	-	-	51,069,906
Net governmental capital assets	\$ 66,534,680	\$ (521,862)	\$ -	\$ -	\$ 66,012,818

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

Capital asset business-type activity for the year ended June 30, 2014 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	2,058,066	3,718,551	-	(3,102,079)	2,674,538
Total capital assets, not being depreciated	9,032,135	3,718,551	-	(3,102,079)	9,648,607
Capital assets, being depreciated:					
Buildings	6,061,001	-	-	36,837	6,097,838
Improvements other than buildings	148,714,905	451,446	-	3,060,038	152,226,389
Machinery and equipment	18,751,488	1,192,291	(1,796,195)	555,204	18,702,788
Intangibles	4,309,027	-	-	(550,000)	3,759,027
Total capital assets, being depreciated	177,836,421	1,643,737	(1,796,195)	3,102,079	180,786,042
Less accumulated depreciation for:					
Buildings	(4,732,975)	(96,013)	-	-	(4,828,988)
Improvements other than buildings	(87,485,955)	(4,540,681)	-	-	(92,026,636)
Machinery and equipment	(11,463,152)	(1,144,110)	1,653,197	(89,645)	(11,043,710)
Intangibles	(2,300,998)	(90,174)	-	89,645	(2,301,527)
Total accumulated depreciation and amortization	(105,983,080)	(5,870,978)	1,653,197	-	(110,200,861)
Total capital assets, depreciated (net)	71,853,341	(4,227,241)	(142,998)	-	70,585,181
Net business-type capital assets	\$ 80,885,476	\$ (508,690)	\$ (142,998)	\$ -	\$ 80,233,788

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

Governmental activities:	
General government	\$ 540,145
Public safety	742,289
Highways and public improvements	1,919,748
Parks, recreation, and culture	851,821
Total depreciation expense - governmental activities	<u>\$ 4,054,003</u>
Business-type activities:	
Water	\$ 1,008,531
Waste Water	428,728
Storm Water	1,199,304
Power	3,074,664
Murray Parkway Recreation	156,394
Solid Waste	3,357
Total depreciation expense - business-type activities	<u>\$ 5,870,978</u>

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2014, interfund balances due to or from other funds was as follows:

Receivable Fund	Payable Fund	Amount
General	CDBG	22,590
Water	Murray Parkway Recreation	125,095
		\$ 147,685

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 interfund loans 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, 2014 were as follows:

Fund Transferring Out	Fund Receiving Transfer	Amount
Water	General	\$ 455,677
Waste Water	General	311,430
Storm Water	General	112,032
Power	General	2,823,483
Solid Waste	General	80,743
Redevelopment Agency	General	864,246
Municipal Building Authority	General	1,768
General	Cemetery Perpetual Care	33,873
General	Capital Projects	3,706,897
Redevelopment Agency	Power	18,264
Redevelopment Agency	Capital Projects	80,789
Capital Projects	Power	200,000
		\$8,689,202

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 8.49 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, 2013, 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 \$191,406 for fiscal year 2014.

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 7.3 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 \$1,310,785 in 2014. The Waste Water Fund made a net contribution of \$158,276 to the Facility in 2014 and recorded a (\$199,251) loss in joint venture resulting in a net decrease in its investment in the Facility of (\$40,975).

During 2005, the Facility issued \$35,000,000 of revenue bonds. The City's share of the total outstanding obligation at December 31, 2013 is \$2,408,952. 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 Cooperation Act. UAMPS' membership consists of 35 municipalities, one joint action agency, one electric service district, two public utility districts, two water conservancy districts, two co-ops, one municipal utility district, and one nonprofit corporation.

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, 2014 is \$1,457,500, 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 155 North 400 West Suite 480, Salt Lake City, UT 84103, or from the Utah State Auditor's website at <http://auditor.utah.gov/accountability/financial-reports-of-local-governments/>.

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 13 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	35,125
Asphalt Grinder	\$ 420,000	1.230%	\$ 414,080	34,507

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

	June 30,	Totals
	2015	\$ 111,250
	2016	111,249
	2017	90,261
	2018	80,014
Total minimum lease payments		392,774
Less: interest portion		(10,004)
Present value of minimum lease payments		382,770
Amount due within one year		(107,705)
Amount due after one year		\$ 275,065

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, 2014 only \$1,030,000 was issued.

The City issued \$1,343,000 million in 2014 Sales Tax Revenue Bonds for purchase of land for the Redevelopment Agency. This bond issue will be repaid by the Redevelopment Agency Fund.

Revenue bonds outstanding at June 30, 2014 by issue are as follows:

Bond Description	Original Issue	Annual Principal	Interest Rate	Final Due Date	Amount
Electric Series 2006	9,700,000	\$15,000 to \$1,500,000	4.00% to 5.00%	6/1/2021	9,385,000
Water/Sewer Series 2012	5,070,000	\$60,000 to 600,000	2.575%	10/1/2023	4,945,000
Sewer Series 2012	2,626,000	\$102,000 to 165,000	2.5%	10/1/2032	928,000
Storm Water 2013	3,000,000	\$110,000 to 215,000	2.00% to 4.00%	2/1/2033	2,790,000
Sales Tax Series 2007	9,990,000	\$560,000 to \$875,000	3.75% to 5.000%	12/1/2020	4,685,000
Sales Tax Series 2009A	4,580,000	\$275,000 to \$405,000	3.00% to 4.40%	4/1/2023	2,725,000
Sales Tax Series 2009B	1,535,000	\$235,000 to \$275,000	3.00% to 3.75%	4/1/2015	275,000
Sales Tax Series 2014	1,343,000	\$262,000 to \$276,000	1.32%	4/1/2019	1,343,000
	<u>\$ 37,844,000</u>				<u>\$ 27,076,000</u>

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year(s)	Principal	Interest	Totals
2015	\$ 3,036,000	\$ 948,444	\$ 3,984,444
2016	3,255,000	819,808	4,074,808
2017	3,185,000	692,414	3,877,414
2018	3,323,000	582,408	3,905,408
2019	3,410,000	470,215	3,880,215
2020 - 2024	9,472,000	849,349	10,321,349
2025 - 2029	725,000	160,000	885,000
2030 - 2034	670,000	51,000	721,000
	<u>\$ 27,076,000</u>	<u>\$ 4,573,638</u>	<u>\$ 31,649,638</u>

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
<u>Governmental activities</u>					
Bonds payable:					
Sales tax	\$ 8,860,000	\$ 1,343,000	\$(1,175,000)	\$ 9,028,000	\$ 1,457,000
Premium	115,319	-	(17,824)	97,495	-
Total bonds payable	8,975,319	1,343,000	(1,192,824)	9,125,495	1,457,000
Capital leases	76,612	420,000	(113,842)	382,770	107,705
Compensated absences	2,572,553	2,039,572	(1,908,964)	2,703,161	1,884,736
Net OPEB payable	613,636	-	(266,328)	347,308	-
Governmental activities, long-term liabilities	<u>\$ 12,238,120</u>	<u>\$ 3,802,572</u>	<u>\$(3,481,958)</u>	<u>\$ 12,558,734</u>	<u>\$ 3,449,441</u>
<u>Business-type activities</u>					
Bonds payable:					
Revenue bonds payable	\$ 24,120,000	\$ -	\$(6,072,000)	\$ 18,048,000	\$ 1,579,000
Deferred loss	(321,382)	-	29,896	(291,486)	-
Premium	407,843	-	(167,684)	240,159	-
Total bonds payable	24,206,461	-	(6,209,788)	17,996,673	1,579,000
Compensated absences	1,074,191	715,275	(656,924)	1,132,542	722,969
Net OPEB payable	429,627	-	(118,217)	311,410	-
Business-type activities, long-term liabilities	<u>\$ 25,710,279</u>	<u>\$ 715,275</u>	<u>\$(6,984,929)</u>	<u>\$ 19,440,625</u>	<u>\$ 2,301,969</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.

The future of the IPA power plant, after the original contract expires in 2027, is in discussion. Because of recent California air emission law changes, which outlaw any coal fired power generation to cross California state lines, the future of the plant is in question. The California municipal utilities consume up to 95% of the generation from the plant and so keeping those cities in the entitlement mix is imperative. Therefore, the IPA Board and staff is presently proposing the change of fuel from coal to natural gas prior to the agreement expiration, a move which would keep the majority of the existing shareholders in the mix. In order to pursue this option of fuel change all 36 existing owners must sign an agreement allowing IPA to study, engineer and actively begin modification of the plant. To date, 24 of those entities have signed agreements allowing IPA to pursue the major plant modification. Murray City is one that has signed approval. It is expected that the remaining entities will also sign. The continuation of the plant beyond 2027, and a continued cooperative agreement with the Californians, remains imperative to Murray City's resource portfolio.

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

Commitments

The City has active construction commitments with street, water line, waste water line, and storm drain projects as of June 30, 2014. 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	\$ 1,170	\$ 1,266,501
Water line construction	789,430	1,541,121
Waste water line construction	25,192	24,265
Storm drain construction	699,309	1,263,232

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.

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. 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, 2014 was \$1,615,214, with a 2 percent increase per year through 2040. The total debt service payments paid by the City as of June 30, 2014 is \$6,803,400. The amount paid by the City is a loan to UTOPIA, but as the likely hood 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, 2014 is \$184,970,208 of which the City is responsible for 12.30 percent or \$22,751,336.

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, 2014 is \$39,355,000 of which the City is responsible for 13.40 percent or \$5,273,570.

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, 2014, 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 \$2,133,581 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, 2014; however, the RDA has agreed to make payments on the Series 2009A, 2009B, and 2014 sales tax bonds.

During the year ended June 30, 2014, funds expended by the RDA were limited to the categories of debt service and administration costs. Administrative costs totaled \$2,028,340, low income housing \$591,577, and debt service payments totaled \$843,042 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; 13.28 percent to the Local Government Contributory Retirement System, 17.29 percent to the related Noncontributory Retirement System, 32.14 percent to the Public Safety Noncontributory Retirement System, and 2.96 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, 2014, 2013 and 2012, were equal to the required contributions for each year. The contribution amounts are as follows:

	2014	2013	2012
Local Governmental Contributory Retirement System	\$ 214,394	\$ 178,865	\$ 139,373
Local Governmental Noncontributory Retirement System	2,123,458	1,958,863	1,647,739
Public Safety Retirement System for Employers with Social Security Coverage	1,136,705	1,061,989	983,825
Firefighters Retirement System	580,086	565,429	491,798

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 \$764,092, \$756,820, and \$720,372 for the years ended June 30, 2014, 2013 and 2012, 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, 2014 was \$52,500.

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 31 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, 2014. 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 the 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	\$ 336,467
Adjustments to annual required contribution	(238,900)
Contributions made	<u>(97,567)</u>
Increase in net OPEB obligation	-
Net OPEB obligation beginning of year	<u>1,043,263</u>
Net OPEB obligation end of year	<u><u>\$ 658,718</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 2014 and the two preceding years were as follows:

<u>Year Ended</u>	<u>Annual OPEB cost</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
June 30, 2012	\$ 331,193	39.9%	\$ 3,344,557
June 30, 2013	356,484	37.3%	1,043,263
June 30, 2014	336,467	29.0%	658,718

The City used an alternative measurement method to estimate the OPEB liability. The method uses the retiree premiums from June 2014 to project out the future liability with an 8 percent growth rate. This grow rate is comparable to the City's historical insurance rate increases. With no future plan additions, the only changes in the liability occur when retirees discontinue, change coverage, or reach age 65.

NOTE 19 – SUBSEQUENT EVENT

The City issued an additional \$486,000 of the Sewer Series 2012 bonds in August 2014.

SUPPLEMENTARY INFORMATION

MURRAY CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue		Permanent		Total Nonmajor Governmental Funds
	Municipal Building Authority	Library Fund	Community Development Block Grant Fund	Cemetery Perpetual Care Fund	
<u>ASSETS</u>					
Cash and cash equivalents	\$ -	\$ 382,302	\$ -	\$ 1,403,959	\$ 1,786,261
Receivables:					
Property taxes	-	1,479,103	-	-	1,479,103
Other	-	224	-	-	224
Due from other governments	-	-	36,738	-	36,738
Restricted cash	-	15,810	-	-	15,810
Total assets	-	1,877,439	36,738	1,403,959	3,318,136
<u>LIABILITIES</u>					
Accounts payable	-	54,705	14,148	-	68,853
Accrued liabilities	-	24,186	-	-	24,186
Due to other funds	-	-	22,590	-	22,590
Total liabilities	-	78,891	36,738	-	115,629
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred inflows-property taxes	-	1,460,991	-	-	1,460,991
Total deferred inflows of resources	-	1,460,991	-	-	1,460,991
<u>FUND BALANCE</u>					
Nonspendable	-	15,810	-	-	15,810
Restricted	-	321,747	-	-	321,747
Committed	-	-	-	1,403,959	1,403,959
Assigned	-	-	-	-	-
Total fund balances	-	337,557	-	1,403,959	1,741,516
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	\$ 1,877,439	\$ 36,738	\$ 1,403,959	\$ 3,318,136

MURRAY CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$ -	\$ 1,598,170	\$ -	\$ -	\$ 1,598,170
Intergovernmental	-	12,180	36,738	-	48,918
Charges for services	-	-	-	3,510	3,510
Fines and forfeitures	-	60,327	-	-	60,327
Investment income	-	5,190	-	6,983	12,173
Miscellaneous	-	7,701	-	-	7,701
Total revenues	-	1,683,568	36,738	10,493	1,730,799
<u>EXPENDITURES</u>					
Highways and public improvements	-	-	36,738	-	36,738
Parks, recreation, and culture	-	1,676,261	-	-	1,676,261
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	1,676,261	36,738	-	1,712,999
Excess of revenues over (under) expenditures	-	7,307	-	10,493	17,800
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	-	-	33,873	33,873
Transfers out	(1,768)	-	-	-	(1,768)
Total other financing uses	(1,768)	-	-	33,873	32,105
Net change in fund balance	(1,768)	7,307	-	44,366	49,905
Fund balance, beginning of year	1,768	330,250	-	1,359,593	1,691,611
Fund balance, end of year	\$ -	\$ 337,557	\$ -	\$ 1,403,959	\$ 1,741,516

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
MUNICIPAL BUILDING AUTHORITY – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Investment income	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<u>EXPENDITURES</u>				
Highways and public improvements	1,000	1,000	-	1,000
Total expenditures	1,000	1,000	-	1,000
Excess (deficiency) of revenues over (under) expenditures	(1,000)	(1,000)	-	1,000
<u>OTHER FINANCING SOURCES</u>				
Transfers in	1,000	1,000	-	(1,000)
Transfer out	-	(1,769)	(1,768)	1
Total other financing sources	1,000	(769)	(1,768)	(999)
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,769)</u>	(1,768)	<u>\$ 1</u>
Fund balance at beginning of year			<u>1,768</u>	
Fund balance at end of year			<u>\$ -</u>	

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
LIBRARY FUND – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Property taxes	\$ 1,619,738	\$ 1,619,738	\$ 1,598,170	\$ (21,568)
Intergovernmental	12,500	25,822	12,180	(13,642)
Fines and forfeitures	45,000	45,000	60,327	15,327
Investment income	6,000	6,000	5,190	(810)
Miscellaneous	6,500	6,500	7,701	1,201
Total revenues	1,689,738	1,703,060	1,683,568	(19,492)
<u>EXPENDITURES</u>				
Parks, recreation, and culture	1,689,738	1,723,060	1,676,261	46,799
Total expenditures	1,689,738	1,723,060	1,676,261	46,799
Excess (deficiency) of revenues over (under) expenditures	-	(20,000)	7,307	27,307
Net change in fund balance	\$ -	\$ (20,000)	7,307	\$ 27,307
Fund balance at beginning of year			330,250	
Fund balance at end of year			\$ 337,557	

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
REDEVELOPMENT FUND – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Property taxes	\$ 2,339,342	\$ 2,339,342	\$ 2,133,581	\$ (205,761)
Rents and concessions	-	-	-	-
Investment income	8,000	8,000	11,902	3,902
Miscellaneous	-	-	3,644	3,644
Total revenues	2,347,342	2,347,342	2,149,127	(198,215)
<u>EXPENDITURES</u>				
Highways and public improvements	1,633,209	3,176,008	2,472,964	703,044
Total expenditures	1,633,209	3,207,209	2,499,660	707,549
Excess (deficiency) of revenues over (under) expenditures	714,133	(859,867)	(350,533)	509,334
<u>OTHER FINANCING SOURCES (USES)</u>				
Bonds issued	-	1,343,000	1,343,000	-
Transfer out	(1,064,246)	(1,083,246)	(963,299)	119,947
Total other financing sources (uses)	(1,064,246)	259,754	379,701	119,947
Net change in fund balance	\$ (350,113)	\$ (600,113)	29,168	\$ 629,281
Fund balance at beginning of year			2,356,725	
Fund balance at end of year			\$ 2,385,893	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 116,679	\$ 147,380	\$ 36,738	\$ (110,642)
Total revenues	<u>116,679</u>	<u>147,380</u>	<u>36,738</u>	<u>(110,642)</u>
<u>EXPENDITURES</u>				
Highways and public improvements	<u>116,679</u>	<u>147,380</u>	<u>36,738</u>	<u>110,642</u>
Total expenditures	<u>116,679</u>	<u>147,380</u>	<u>36,738</u>	<u>110,642</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>	

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
CAPITAL PROJECTS – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 725,000	\$ 2,525,000	\$ 2,525,000	\$ -
Investment income	-	-	39,391	39,391
Miscellaneous income	-	20,335	30,123	9,788
Total revenues	<u>725,000</u>	<u>2,545,335</u>	<u>2,594,514</u>	<u>49,179</u>
<u>EXPENDITURES</u>				
General government	151,620	737,620	193,993	543,627
Public safety	370,722	500,631	463,420	37,211
Highways and public improvements	2,423,313	4,242,838	1,084,716	3,158,122
Parks, recreation, and culture	182,000	193,500	171,986	21,514
Debt service				
Principal	28,500	26,864	23,548	3,316
Interest and fiscal charges	-	1,636	1,635	1
Total expenditures	<u>3,156,155</u>	<u>5,703,089</u>	<u>1,939,298</u>	<u>3,763,791</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,431,155)</u>	<u>(3,157,754)</u>	<u>655,216</u>	<u>3,812,970</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Capital leases	(425,000)	425,000	414,080	(10,920)
Transfers in	2,200,000	4,290,769	3,787,686	(503,083)
Sale of capital assets	-	-	29,336	29,336
Total other financing sources (uses)	<u>1,775,000</u>	<u>4,515,769</u>	<u>4,031,102</u>	<u>(484,667)</u>
Net change in fund balance	<u>\$ (656,155)</u>	<u>\$ 1,358,015</u>	<u>4,686,318</u>	<u>\$ 3,328,303</u>
Fund balance at beginning of year			<u>8,689,092</u>	
Fund balance at end of year			<u>\$ 13,375,410</u>	

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
CEMETERY PERPETUAL CARE FUND – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Perpetual care fees	\$ -	\$ -	\$ 3,510	\$ 3,510
Investment income	7,000	7,000	6,983	(17)
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>10,493</u>	<u>3,493</u>
<u>EXPENDITURES</u>				
Parks, recreation, and culture	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,000</u>	<u>7,000</u>	<u>10,493</u>	<u>3,493</u>
<u>OTHER FINANCING USES</u>				
Transfers in	<u>33,873</u>	<u>33,873</u>	<u>33,873</u>	<u>-</u>
Total other financing uses	<u>33,873</u>	<u>33,873</u>	<u>33,873</u>	<u>-</u>
Net change in fund balance	<u>\$ 40,873</u>	<u>\$ 40,873</u>	<u>44,366</u>	<u>\$ 3,493</u>
Fund balance at beginning of year			<u>1,359,593</u>	
Fund balance at end of year			<u>\$ 1,403,959</u>	

MURRAY CITY
STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS
JUNE 30, 2014

	Central Garage Fund	Retained Risk Reserve Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 127,304	\$ 1,547,679	\$ 1,674,983
Receivables - accounts	531	-	531
Inventory	70,548	-	70,548
Prepaid items	-	-	-
Total current assets	<u>198,383</u>	<u>1,547,679</u>	<u>1,746,062</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	151,134	-	151,134
Less: accumulated depreciation	(103,486)	-	(103,486)
Total noncurrent assets	<u>47,648</u>	<u>-</u>	<u>47,648</u>
Total assets	<u>246,031</u>	<u>1,547,679</u>	<u>1,793,710</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	49,124	13,830	62,954
Accrued liabilities	7,108	254,905	262,013
Compensated absences	22,455	7,033	29,488
Total current liabilities	<u>78,687</u>	<u>275,768</u>	<u>354,455</u>
Noncurrent liabilities:			
Compensated absences	9,751	3,054	12,805
Total noncurrent liabilities	<u>9,751</u>	<u>3,054</u>	<u>12,805</u>
Total liabilities	<u>88,438</u>	<u>278,822</u>	<u>367,260</u>
<u>NET POSITION</u>			
Invested in capital assets	47,648	-	47,648
Unrestricted	109,945	1,268,857	1,378,802
Total net position	<u>\$ 157,593</u>	<u>\$ 1,268,857</u>	<u>\$ 1,426,450</u>

MURRAY CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Central Garage Fund	Retained Risk Reserve Fund	Total
<u>OPERATING REVENUES</u>			
Charges for services	\$ 430,118	\$ 901,673	\$ 1,331,791
Total operating revenues	430,118	901,673	1,331,791
<u>OPERATING EXPENSES</u>			
Wages and benefits	308,492	176,525	485,017
Administrative fees	750	500	1,250
Depreciation	3,935	-	3,935
Operations and maintenance	28,824	835,310	864,134
Total operating expenses	342,001	1,012,335	1,354,336
Operating income (loss)	88,117	(110,662)	(22,545)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Investment income	-	7,597	7,597
Total nonoperating revenues (expenses)	-	7,597	7,597
Change in net position	88,117	(103,065)	(14,948)
Total net position - beginning	69,476	1,371,922	1,441,398
Total net position - ending	\$ 157,593	\$ 1,268,857	\$ 1,426,450

MURRAY CITY
STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Central Garage Fund	Retained Risk Reserve Fund	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 429,587	\$ 901,673	\$ 1,331,260
Payments to suppliers of goods and services	(34,147)	(820,591)	(854,738)
Payments to employees for services	(307,085)	(172,969)	(480,054)
Payment for interfund services	(750)	(500)	(1,250)
Net cash provided (used) by operating activities	<u>87,605</u>	<u>(92,387)</u>	<u>(4,782)</u>
Cash flows from investing activities			
Investment income	-	7,597	7,597
Net cash provided by investing activities	<u>-</u>	<u>7,597</u>	<u>7,597</u>
Net increase (decrease) in cash and cash equivalents	87,605	(84,790)	2,815
Cash and cash equivalents, beginning of year	39,699	1,632,469	1,672,168
Cash and cash equivalents, end of year	<u>\$ 127,304</u>	<u>\$ 1,547,679</u>	<u>\$ 1,674,983</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 88,117	\$ (110,662)	\$ (22,545)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	3,935	-	3,935
(Increase) decrease in inventory and prepaid items	1,973	12,941	14,914
(Increase) decrease in liabilities	(5,889)	5,334	(555)
Net cash provided (used) by by operating activities	<u>\$ 87,605</u>	<u>\$ (92,387)</u>	<u>\$ (4,782)</u>

MURRAY CITY
STATEMENT OF NET POSITION – NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2014

	<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	\$ 717,705	\$ 529,016	\$ 102,013	\$ 1,348,734
Investments	-	-	-	-
Accounts receivable (net)	-	110,091	6,036	116,127
Notes receivable	-	-	30,984	30,984
Inventory	84,256	-	-	84,256
Prepays	250	-	-	250
Total current assets	<u>802,211</u>	<u>639,107</u>	<u>139,033</u>	<u>1,580,351</u>
Noncurrent assets:				
Notes receivable	-	-	430,235	430,235
Capital assets:				
Land	326,336	-	-	326,336
Buildings	819,374	-	-	819,374
Improvements other than buildings	3,734,149	-	-	3,734,149
Machinery and equipment	918,168	54,613	-	972,781
Accumulated depreciation	(4,784,102)	(3,357)	-	(4,787,459)
Total noncurrent assets	<u>1,013,925</u>	<u>51,256</u>	<u>430,235</u>	<u>1,495,416</u>
Total assets	<u>1,816,136</u>	<u>690,363</u>	<u>569,268</u>	<u>3,075,767</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	10,382	87,944	-	98,326
Accrued liabilities	57,937	1,468	-	59,405
Due to other funds	125,095	-	-	125,095
Accrued interest payable	-	-	-	-
Compensated absences	78,609	2,522	-	81,131
Notes payable	-	-	30,984	30,984
Bonds and leases payable	-	-	-	-
Total current liabilities	<u>272,023</u>	<u>91,934</u>	<u>30,984</u>	<u>394,941</u>
Noncurrent liabilities:				
Notes payable	-	-	430,235	430,235
Compensated absences	44,533	1,430	-	45,963
Bonds and leases payable	-	-	-	-
Total noncurrent liabilities	<u>44,533</u>	<u>1,430</u>	<u>430,235</u>	<u>476,198</u>
Total liabilities	<u>316,556</u>	<u>93,364</u>	<u>461,219</u>	<u>871,139</u>
<u>NET POSITION</u>				
Net investment in capital assets	1,013,925	51,256	-	1,065,181
Unrestricted	485,655	545,743	108,049	1,139,447
Total net position	<u>\$ 1,499,580</u>	<u>\$ 596,999</u>	<u>\$ 108,049</u>	<u>\$ 2,204,628</u>

MURRAY CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Murray Parkway Recreation Fund</u>	<u>Solid Waste Management Fund</u>	<u>Telecommunication Fund</u>	
<u>OPERATING REVENUES</u>				
Charges for services	\$ 1,320,141	\$ 1,368,410	\$ 70,828	\$ 2,759,379
Other	-	1,078	-	1,078
Total operating revenues	<u>1,320,141</u>	<u>1,369,488</u>	<u>70,828</u>	<u>2,760,457</u>
<u>OPERATING EXPENSES</u>				
Wages and benefits	767,786	65,578	-	833,364
Administrative fees	750	113,746	-	114,496
Depreciation	156,394	3,357	-	159,751
Operations and maintenance	360,712	1,006,374	71,298	1,438,384
Total operating expenses	<u>1,285,642</u>	<u>1,189,055</u>	<u>71,298</u>	<u>2,545,995</u>
Operating income (loss)	<u>34,499</u>	<u>180,433</u>	<u>(470)</u>	<u>214,462</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Investment income	2,966	2,245	430	5,641
Interest and fiscal charges	(4,119)	-	-	(4,119)
Gain/(loss) on disposal of assets	1,624	-	-	1,624
Total nonoperating revenues (expenses)	<u>471</u>	<u>2,245</u>	<u>430</u>	<u>3,146</u>
Income before transfers	34,970	182,678	(40)	217,608
Transfers out	-	(80,743)	-	(80,743)
Change in net position	34,970	101,935	(40)	136,865
Total net position - beginning	<u>1,464,610</u>	<u>495,064</u>	<u>108,089</u>	<u>2,067,763</u>
Total net position - ending	<u>\$ 1,499,580</u>	<u>\$ 596,999</u>	<u>\$ 108,049</u>	<u>\$ 2,204,628</u>

MURRAY CITY
STATEMENT OF CASH FLOWS – NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<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	\$ 1,320,141	\$ 1,361,207	\$ 71,619	\$ 2,752,967
Payments to suppliers of goods and services	(329,457)	(1,044,214)	(71,298)	(1,444,969)
Payments to employees for services	(757,971)	(64,846)	-	(822,817)
Payment for interfund services	(750)	(113,746)	-	(114,496)
Net cash provided (used) by operating activities	<u>231,963</u>	<u>138,401</u>	<u>321</u>	<u>370,685</u>
Cash flows from noncapital financing activities				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	(80,743)	-	(80,743)
Changes to interfund receivables and payables	(39,681)	-	-	(39,681)
Net cash provided (used) by noncapital financing activities	<u>(39,681)</u>	<u>(80,743)</u>	<u>-</u>	<u>(120,424)</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	1,624	-	-	1,624
Purchases of capital assets	(57,151)	(54,613)	-	(111,764)
Interest and fiscal charges paid on capital debt	(4,119)	-	-	(4,119)
Net cash provided (used) by capital activities	<u>(59,646)</u>	<u>(54,613)</u>	<u>-</u>	<u>(114,259)</u>
Cash flows from investing activities				
Investment income	2,966	2,245	430	5,641
Net cash provided by investing activities	<u>2,966</u>	<u>2,245</u>	<u>430</u>	<u>5,641</u>
Net increase (decrease) in cash and cash equivalents	135,602	5,290	751	141,643
Cash and cash equivalents - beginning of year	582,103	523,726	101,262	1,207,091
Cash and cash equivalents - end of year	<u>\$ 717,705</u>	<u>\$ 529,016</u>	<u>\$ 102,013</u>	<u>\$ 1,348,734</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 34,499	\$ 180,433	\$ (470)	\$ 214,462
Adjustments to reconcile operating income to net cash provided by:				
Depreciation and amortization	156,394	3,357	-	159,751
(Increase) decrease in receivables	-	(8,281)	791	(7,490)
(Increase) decrease in inventory and prepaid items	1	-	-	1
(Increase) decrease in liabilities	41,069	(37,108)	-	3,961
Net cash provided by operating activities	<u>\$ 231,963</u>	<u>\$ 138,401</u>	<u>\$ 321</u>	<u>\$ 370,685</u>

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 29,542	\$ 52,275	\$ 52,908	\$ 52,903	\$ 59,490	\$ 58,427	\$ 55,550	\$ 56,770	\$ 57,483	\$ 56,505
Restricted	1,899	1,900	520	520	6,295	3,432	4,151	2,897	2,364	5,878
Unrestricted	18,077	20,642	18,270	22,141	8,984	10,222	14,273	17,159	20,391	20,496
Total governmental net position	\$ 49,518	\$ 74,817	\$ 71,698	\$ 75,564	\$ 74,769	\$ 72,081	\$ 73,974	\$ 76,826	\$ 80,238	\$ 82,879
Business-type activities										
Net investment in capital assets	\$ 39,193	\$ 42,286	\$ 56,427	\$ 53,269	\$ 53,074	\$ 51,828	\$ 55,429	\$ 55,047	\$ 56,679	\$ 62,237
Restricted	314	314	-	-	1,003	1,000	1,005	-	3,215	2,303
Unrestricted	18,453	16,911	16,279	18,306	16,660	14,758	16,389	20,611	24,892	24,284
Total business-type net position	\$ 57,960	\$ 59,511	\$ 72,706	\$ 71,575	\$ 70,737	\$ 67,586	\$ 72,823	\$ 75,658	\$ 84,786	\$ 88,824
Primary government										
Net investment in capital assets	\$ 68,735	\$ 94,561	\$ 109,335	\$ 106,172	\$ 112,564	\$ 110,255	\$ 110,979	\$ 111,817	\$ 114,162	\$ 118,742
Restricted	2,213	2,214	520	520	7,298	4,432	5,157	2,897	5,579	8,181
Unrestricted	36,530	37,553	34,549	40,447	25,644	24,980	30,662	37,770	45,283	44,780
Total primary government net position	\$ 107,478	\$ 134,328	\$ 144,404	\$ 147,139	\$ 145,506	\$ 139,667	\$ 146,798	\$ 152,484	\$ 165,024	\$ 171,703

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
General government	\$ 4,054	\$ 4,557	\$ 5,090	\$ 5,536	\$ 9,033	\$ 9,821	\$ 10,198	\$ 8,984	\$ 7,406	\$ 8,279
Public safety	13,877	14,387	15,758	15,990	18,182	18,459	17,790	16,679	16,356	17,996
Highways and public improvements	4,408	8,037	6,349	5,989	7,008	8,034	7,277	7,880	8,666	6,837
Parks, recreation, and culture	7,464	8,025	8,183	7,741	7,265	7,717	7,480	7,068	7,539	7,947
Debt service - interest and fiscal charges	774	709	427	489	559	621	548	440	384	336
Total governmental expenses	30,577	35,715	35,807	35,745	42,047	44,652	43,293	41,051	40,351	41,395
Business-type activities										
Water	4,047	3,663	4,023	3,520	4,223	5,998	4,887	4,085	4,128	4,139
Waste water	3,033	3,404	3,354	2,746	3,563	3,274	2,732	3,255	3,354	3,412
Power	30,428	32,394	33,585	35,397	35,358	32,420	32,432	31,190	30,312	32,412
Murray parkway	1,469	1,398	1,729	1,538	1,574	1,485	1,614	1,697	1,260	1,290
Telecommunication	-	-	-	-	-	-	-	33	63	71
Solid waste	683	742	782	711	832	806	942	1,050	1,127	1,189
Storm water	-	-	1,463	1,382	1,392	1,421	1,691	1,885	1,918	2,240
Total business-type activities expenses	39,660	41,601	44,936	45,294	46,942	45,404	44,298	43,195	42,162	44,753
Total primary government expenses	\$ 70,237	\$ 77,316	\$ 80,743	\$ 81,039	\$ 88,989	\$ 90,056	\$ 87,591	\$ 84,246	\$ 82,513	\$ 86,148
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 4,303	\$ 3,272	\$ 3,386	\$ 3,616	\$ 5,964	\$ 5,926	\$ 6,149	\$ 3,423	\$ 3,090	\$ 3,338
Public safety	234	338	323	340	867	644	1,500	1,183	900	1,531
Highways & public improvements	1,743	798	1,041	-	97	85	78	99	58	71
Parks, recreation, and culture	1,431	1,541	1,724	1,742	1,678	1,750	1,925	1,775	1,616	1,695
Operating grants and contributions	370	457	555	365	457	406	1,385	4,478	5,085	-
Capital grants & contributions	1,366	1,491	14,893	1,591	1,232	2,179	2,472	2,087	626	4,606
Total governmental program revenues	9,447	7,897	21,922	7,654	10,295	10,990	13,509	13,045	11,375	11,241
Business-type activities										
Charges for services										
Water	5,083	5,106	5,566	5,594	5,492	4,781	5,989	6,373	5,938	5,497
Waste water	3,887	3,257	3,399	3,448	3,556	3,397	4,072	4,348	4,196	4,371
Power	28,963	29,904	33,379	33,707	35,617	33,187	36,329	37,628	37,990	37,514
Murray parkway	1,345	1,475	1,592	1,542	1,596	1,421	1,347	1,563	1,460	1,320
Telecommunication	-	-	-	-	-	-	-	34	67	71
Solid waste	813	807	829	833	819	818	962	1,010	1,212	1,369
Storm water	272	278	1,522	1,508	1,467	1,400	1,433	1,403	1,757	1,864
Capital grants & contributions	-	-	-	-	-	-	2,860	833	743	38
Total business-type program revenues	40,363	40,827	46,287	46,632	48,547	45,005	52,992	53,192	53,363	52,044
Total primary government program revenues	\$ 49,810	\$ 48,724	\$ 68,209	\$ 54,286	\$ 58,842	\$ 55,995	\$ 66,501	\$ 66,237	\$ 64,738	\$ 63,285
Net (expense)/revenue										
Governmental activities	\$ (21,131)	\$ (27,818)	\$ (13,885)	\$ (28,090)	\$ (31,752)	\$ (33,663)	\$ (29,783)	\$ (28,006)	\$ (28,976)	\$ (30,154)
Business-type activities	704	(774)	1,351	1,337	1,604	(399)	8,694	9,997	11,201	7,291
Total primary government net expense	\$ (20,427)	\$ (28,592)	\$ (12,534)	\$ (26,753)	\$ (30,148)	\$ (34,062)	\$ (21,089)	\$ (18,009)	\$ (17,775)	\$ (22,863)
General revenues & other changes in net position										
Governmental activities										
Taxes										
Sales taxes	\$ 12,421	\$ 13,545	\$ 14,097	\$ 13,872	\$ 12,444	\$ 12,293	\$ 12,800	\$ 12,847	\$ 12,916	\$ 13,548
Property taxes	6,801	8,517	8,784	8,975	8,774	9,700	9,823	10,076	10,299	10,293
Franchise taxes	4,189	4,743	4,619	4,919	5,056	4,931	4,925	4,849	4,993	4,932
Investment income	464	727	1,069	943	514	396	310	296	203	120
Gain/(loss) on sale & disposal of assets	127	115	109	165	51	(85)	-	11	94	57
Miscellaneous	203	202	324	269	1,181	735	196	207	277	279
Rent, transfers & miscellaneous	209	1,019	(10,781)	2,813	2,937	3,005	3,622	3,130	3,606	3,565
Total governmental activities	24,414	28,868	18,221	31,956	30,957	30,975	31,676	31,416	32,388	32,794
Business-type activities										
Interest income	369	785	831	760	434	215	183	245	287	288
Gain/(loss) on sale & disposal of assets	52	2,558	199	579	60	39	(17)	163	31	25
Rent & transfers	(209)	(1,019)	10,813	(2,813)	(2,937)	(3,005)	(3,622)	(3,130)	(3,606)	(3,565)
Total business-type activities	212	2,324	11,843	(1,474)	(2,443)	(2,751)	(3,456)	(2,722)	(3,288)	(3,252)
Total primary government	\$ 24,626	\$ 31,192	\$ 30,064	\$ 30,482	\$ 28,514	\$ 28,224	\$ 28,220	\$ 28,694	\$ 29,100	\$ 29,542
Change in net position										
Governmental activities	\$ 3,284	\$ 1,049	\$ 4,336	\$ 3,866	\$ (796)	\$ (2,687)	\$ 1,893	\$ 3,410	\$ 3,412	\$ 2,640
Business-type activities	915	1,551	13,194	(136)	(837)	(3,151)	5,238	7,275	7,913	4,039
Total primary government	\$ 4,199	\$ 2,600	\$ 17,530	\$ 3,730	\$ (1,633)	\$ (5,838)	\$ 7,131	\$ 10,685	\$ 11,325	\$ 6,679

In FY2014 the state auditor has required E911 fees passed to VECC to be recorded as an expense and revenue for Public Safety.

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
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
2014	10,293,086	13,461,012	4,931,685	86,875	-	28,772,658

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved	\$ 1,745	\$ 1,280	\$ 3,065	\$ 3,035	\$ 2,459	\$ 1,490	\$ -	\$ -	\$ -	\$ -
Unreserved	6,233	7,781	8,092	5,962	7,060	7,522	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	235	-	123
Restricted	-	-	-	-	-	-	2,159	1,917	363	163
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	10,546	9,150	9,638	8,440
Total General Fund	\$ 7,978	\$ 9,061	\$ 11,157	\$ 8,997	\$ 9,519	\$ 9,012	\$ 12,705	\$ 11,302	\$ 10,001	\$ 8,726
All other governmental funds										
Reserved	\$ 1,978	\$ 1,952	\$ 575	\$ 576	\$ 5,077	\$ 3,028	\$ -	\$ -	\$ -	\$ -
Unreserved	1,617	1,572	4,461	4,779	2,447	2,701	-	-	-	-
Nonspendable	-	-	-	-	-	-	20	-	-	16
Restricted	-	-	-	-	-	-	1,472	461	1,481	5,715
Committed	-	-	-	-	-	-	1,322	1,316	1,359	1,404
Assigned	-	-	-	-	-	-	3,361	6,223	9,897	10,368
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 3,595	\$ 3,524	\$ 5,036	\$ 5,355	\$ 7,524	\$ 5,729	\$ 6,175	\$ 8,000	\$ 12,737	\$ 17,503

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes & special assessments	\$ 24,845	\$ 25,247	\$ 27,644	\$ 27,939	\$ 26,181	\$ 27,222	\$ 27,442	\$ 27,625	\$ 28,208	\$ 28,773
Licenses & permits	2,235	1,449	1,659	1,629	1,236	1,180	1,439	1,526	1,380	1,400
Intergovernmental	1,736	1,948	2,099	1,956	1,688	2,585	3,423	4,478	5,085	4,417
Administrative fees	-	-	-	-	2,989	3,003	2,742	2,994	3,025	-
Charges for services	1,776	1,985	2,122	2,043	2,597	2,431	3,514	3,057	2,575	2,892
Fines & forfeitures	2,384	2,300	2,477	2,026	1,784	1,791	1,958	1,897	1,710	1,938
Rents & concessions	1,326	1,314	1,297	-	-	-	-	-	-	-
Miscellaneous	203	202	325	269	1,181	734	196	207	278	703
Interest	464	727	1,026	905	496	391	306	286	194	113
Total revenues	34,969	35,172	38,649	36,767	38,152	39,337	41,020	42,070	42,455	40,236
Expenditures										
General government	4,566	5,105	5,407	5,212	7,969	7,991	7,952	9,697	8,561	6,169
Public safety	13,194	14,624	16,166	16,003	19,804	16,927	16,719	15,987	16,424	17,387
Highways & public improvements	3,952	6,340	3,619	3,342	3,467	4,738	4,657	6,204	6,496	6,190
Parks, recreation and culture	6,842	7,161	7,552	6,868	6,847	6,740	6,657	6,325	6,957	5,785
Capital outlay	2,967	231	1,371	8,358	4,342	5,134	1,058	2,883	3,377	3,315
Principal	1,260	1,300	1,340	1,305	1,723	2,066	2,634	1,754	1,524	1,289
Interest	772	713	448	515	515	659	589	475	410	353
Bond issuance costs	-	-	159	-	141	-	-	-	-	-
Pledge payment - UTOPIA	-	-	-	-	-	821	1,123	1,661	1,584	1,615
Total expenditures	33,553	35,474	36,062	41,603	44,808	45,076	41,389	44,986	45,333	42,103
Excess of revenues over (under) expenditures	1,416	(302)	2,587	(4,836)	(6,656)	(5,739)	(369)	(2,916)	(2,878)	(1,867)
Other financing sources (uses)										
Proceeds from borrowing	-	-	10,156	-	6,162	-	-	-	-	1,343
Payments to refunding bond escrow	-	-	(11,619)	-	(1,520)	-	-	-	-	-
Capital lease financing	733	180	-	-	1,557	207	-	-	96	420
Transfers in	245	1,576	5,195	8,809	4,681	4,181	4,824	7,261	10,923	8,471
Transfers out	(245)	(557)	(2,842)	(5,996)	(1,744)	(1,176)	(1,202)	(4,131)	(7,317)	(4,906)
Sales of capital assets	141	115	130	184	210	224	886	208	1,363	29
Total other financing sources (uses)	874	1,314	1,020	2,997	9,346	3,436	4,508	3,338	5,065	5,357
Net change in fund balances	\$ 2,290	\$ 1,012	\$ 3,607	\$ (1,839)	\$ 2,690	\$ (2,303)	\$ 4,139	\$ 422	\$ 2,187	\$ 3,490
Debt service as a % of noncapital expenditures	6.45%	6.02%	5.22%	4.57%	5.26%	6.43%	8.44%	5.21%	4.46%	4.06%

In FY2014 the Utah State Auditor started requiring that the governmental activities be reported without administrative fees.

In FY2014 the Utah State Auditor started requiring that E911 fees being passed to VECC be reported as income and expenditures.

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
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
2014	3,445,859,945	6,253,259,680	55.11%	0.002216

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
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
2014	0.001782	0.00700	0.00043	0.00318	0.00002	0.00045

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	2014		2005	
	Rank	Percentage of Total City Sales Taxes	Rank	Percentage of Total City Sales Taxes
Warehouse Store	1	8.58%	1	7.34%
Auto Sales	2	3.35%	4	3.04%
Furniture Store	3	2.00%	2	4.38%
Clothing Store	4	2.68%	6	2.85%
Auto Sales	5	2.38%	5	2.97%
Auto Sales	6	2.19%	9	2.03%
Auto Sales	7	2.18%	8	2.47%
Warehouse Store	8	2.04%	3	3.08%
Electronics Store	9	2.00%		
Auto Sales	10	1.99%		
Auto Sales	11	1.65%	7	2.61%
Auto Sales	12	1.65%	15	1.68%
Municipality	13	1.38%	18	1.39%
Electronics Store	14	1.38%	13	1.71%
Auto Sales	15	1.29%	19	1.38%
Building Products	16	1.24%	14	1.71%
Department Store	17	1.22%	12	1.83%
Auto Sales	18	1.00%	20	1.20%
Food Retailer	19	0.97%	17	1.47%
Auto Sales			10	1.98%
Department Store			11	1.87%
Total		41.17%		43.14%

Percentage based on direct point of sales tax collection of FY2014 \$18,868,093 and FY2005 \$15,191,381

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
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%	157,860	5,961,277	100.00%
2008	5,711,000	5,586,752	97.82%	124,248	5,711,000	100.00%
2009	5,979,944	5,764,695	96.40%	215,249	5,979,944	100.00%
2010	5,863,420	5,669,616	96.69%	193,804	5,863,420	100.00%
2011	5,903,086	5,779,782	97.91%	123,304	5,903,086	100.00%
2012	5,903,253	5,839,394	98.92%	63,859	5,903,253	100.00%
2013	5,887,409	5,830,924	99.04%	47,287	5,878,211	99.84%
2014	6,014,202	5,964,588	99.18%	-	5,964,588	99.18%

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			
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	1.67%	685
2014	9,028,000	382,770	18,048,000	-	27,458,770	1.32%	565

**MURRAY CITY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt (2)(3)
Debt repaid with property taxes			
Murray City School District	\$ 44,590,000	100.00%	\$ 44,590,000
Salt Lake County General Obligation Debt	239,800,000	4.89%	11,726,220
Other debt			
Salt Lake County Sales Tax Bonds	97,600,000	4.54%	4,431,040
Salt Lake County Lease Revenue Bonds	74,500,000	4.54%	3,382,300
Salt Lake County Capital Leases	1,200,000	4.54%	54,480
Salt Lake County Special Assessment Bonds	1,000,000	4.54%	45,400
Salt Lake County Transportation Rev. Bonds	76,000,000	4.54%	3,450,400
Salt Lake County Notes Payable	22,400,000	4.54%	1,016,960
Subtotal, overlapping debt			<u>68,696,800</u>
Murray City direct debt			<u>9,410,770</u>
Total direct and overlapping debt			<u>\$ 78,107,570</u>

Source: Debt outstanding data obtained from Salt Lake Counties 2013 CAFR.

(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 government.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 297,600	\$ 309,040	\$ 353,600	\$ 418,000	\$ 486,000	\$ 431,040	\$ 497,440	\$ 486,302	\$ 479,178	\$ 500,261
Total net debt applicable to limit	39,085	48,960	45,620	42,815	44,285	41,070	37,980	36,090	32,980	27,076
Legal debt margin	\$ 258,515	\$ 260,080	\$ 307,980	\$ 375,185	\$ 441,715	\$ 389,970	\$ 459,460	\$ 450,212	\$ 446,198	\$ 473,185
Total net debt applicable to the limit as a percentage of debt limit	13.13%	15.84%	12.90%	10.24%	9.11%	9.53%	7.64%	7.42%	6.88%	5.41%

Legal Debt Margin Calculation for Fiscal Year 2012

Total reasonable fair cash value	<u>\$6,253,260</u>
Debt limit (8% of fair cash value)	500,261
Debt applicable to debt limit	27,076
Legal debt margin	<u>\$ 473,185</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	
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
2014	37,749,228	28,785,495	8,963,733	1,200,000	405,319	5.58

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
2014	9,910,178	5,703,286	4,206,892	169,000	149,697	13.20

2013 Storm Water Revenue Bonds

2013	1,780,378	672,396	1,107,982	210,000	66,392	4.01
2014	1,890,901	968,255	922,646	210,000	67,575	3.32

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)
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	1,764,381,024	37,744	7.3%
2012	47,632	1,880,273,200	39,475	5.7%
2013	48,263	1,980,616,994	41,038	4.3%
2014	48,612	2,073,933,756	42,663	3.5%

(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, 2014**

Employer	Industry Type	Employees
Intermountain Medical Center	Health Care	4463
SelectHealth	Health Care	1200
Murray City School District	Public Education	862
Murray City Corporation	City Government	752
IHC Health Services	Health Care	757
Sutter Connect	Health Care	579
3M Health Information Systems	Data Processing Services	350
Nordstrom, Inc.	Retailer	268
The Cheese Cake Factory	Restaurant	255
Costco Wholesale Corp	Retailer	255
Zevex	Manufacturer	221
Sorenson Bio Science Inc.	Manufacturer	217

Source: Murray City Business Licensing, Murray City School District

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

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

<u>Function/Program</u>	Full Time Equivalent Employees as of June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	68	66	65	59	59	63	60	61	61	62
Police										
Officers	75	75	78	78	75	77	79	73	74	70
Civilians	17	17	17	17	18	14	12	10	12	11
Fire										
Firefighters	50	50	52	52	59	61	60	58	59	55
Civilians	2	2	2	2	3	2	2	1	1	1
Highways & Public Improvements	40	42	36	35	35	34	34	28	27	27
Parks & Recreation	34	34	34	34	34	33	33	33	33	34
Library	10	10	10	9	9	12	9	11	10	12
Community & Economic Development	5	5	5	4	4	5	5	6	6	7
Central Garage	5	5	4	4	4	4	4	4	4	4
Power	54	54	54	54	55	55	52	46	46	46
Water	16	16	16	16	16	17	16	16	16	17
Wastewater	10	9	9	8	9	9	8	8	8	7
Golf Course	9	9	9	8	8	10	8	7	7	7
Storm Water	0	0	6	6	7	6	7	7	7	7
Total Full Time Equivalent Employees	395	394	397	386	395	402	389	369	371	367
Seasonal (Part Time) Employees	574	543	575	560	579	514	459	477	426	385
Total Employees	969	937	972	946	974	916	848	846	797	752

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

<u>Function/Program</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrests	4,563	4,260	2,549	2,194	2,588	2,735	2,484	2,436	3,752	2,175
Traffic citations	13,588	11,959	6,935	6,666	8,141	8,057	8,694	6,847	5,508	8,231
Fire calls	1,086	1,261	1,252	1,261	1,496	1,306	1,231	1,622	1,194	1,156
Medical calls	3,490	3,456	3,687	3,962	3,741	3,801	3,781	3,515	4,177	4,117
Inspections	1,132	1,176	1,200	1,261	794	1,309	2,017	1,673	1,448	1,694
Parks & recreation										
Park center admissions	32,074	34,000	33,257	43,272	34,000	46,744	38,451	35,691	29,839	34,839
Recreation participants	15,581	15,320	15,484	16,447	17,779	15,402	14,242	14,219	13,089	13,768
Library										
Volumes in collection	81,643	85,861	84,236	86,723	90,627	86,892	85,100	77,069	69,734	74,971
Total volumes borrowed	352,306	339,282	365,855	406,842	418,169	524,179	524,487	568,372	572,997	611,633
Water										
Customers	9,304	9,456	9,490	9,825	9,890	9,932	9,946	9,946	9,997	10,034
Annual consumption (in millions of gallons)	3,234	2,750	3,865	3,344	3,784	2,519	2,650	2,841	3,018	3,066
Wastewater										
Customers	8,817	8,953	8,966	8,977	9,151	9,181	9,181	9,194	9,406	9,441
Power										
Customers	16,112	16,269	16,500	16,546	16,637	16,671	16,701	16,744	17,356	15,578
Peak demand (KW)	93,310	98,560	98,246	107,110	98,327	97,000	97,490	98,100	101,838	103,478
Internal generation (MWH)	25,729	27,655	53,055	62,038	21,261	23,031	17,546	19,523	9,465	18,096
Purchased power (MWH)	369,312	383,825	361,917	449,567	448,487	412,385	412,943	419,388	426,388	407,148

MURRAY CITY
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function/Program</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	2	2	2	2	2	2
Patrol units	38	38	40	41	42	41	41	40	40	39
Public works										
Streets(miles)	143	143	144	144	144	144	144	147	147	147
Streetlights	2458	2489	2584	2505	2610	2574	2584	2608	2639	2670
Parks & recreation										
Acreage	259	259	259	259	252	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)	178	178	179	183	185	185	192	201	201	201
Wastewater										
Sanitary sewers(miles)	125	125	125	124	127	127	127	127	127	127
Power										
Generators	4	4	4	5	5	5	5	5	5	5
Substations	4	4	5	5	6	6	6	6	6	6

COMPLIANCE SECTION



Keddington & Christensen, LLC
Certified Public Accountants

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, 2014, which collectively comprise the City of Murray's (the City) basic financial statements and have issued our report thereon dated November 12, 2014.

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 12, 2014



Keddington & Christensen, LLC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE STATE COMPLIANCE AUDIT GUIDE ON:

- **COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS**
- **COMPLIANCE FOR EACH MAJOR STATE PROGRAM**
- **INTERNAL CONTROL OVER COMPLIANCE**
- **SCHEDULE OF EXPENDITURES OF STATE AWARDS**

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

Report on Compliance with General State Compliance Requirements and for Each Major State Program

We have audited the City of Murray's compliance with the applicable general state and major state program compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City of Murray's or each of its major state programs for the year ended June 30, 2014.

General state compliance requirements were tested for the year ended June 30, 2014 in the following areas:

Budgetary Compliance	Fund Balance
Justice Courts	Utah Retirement Systems
Transfers from Utility Enterprise Funds	Nepotism
Open and Public Meetings Act	

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

B & C Road Funds (Department of Transportation)

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the City of Murray's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the State Compliance Audit Guide. Those standards and the State Compliance Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City of Murray's or its major state programs occurred. An audit includes examining, on a test basis, evidence about the City of Murray'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 with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the City of Murray's compliance.

Opinion on General State Compliance requirements and Each Major State program

In our opinion, Murray City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City of Murray or on each of its major state programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the State Compliance Audit Guide.

Report on Internal Control over Compliance

Management of the City of Murray is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Murray's internal control over compliance with the compliance requirements that could have a direct and material effect on the City of Murray or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Murray'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 general state or major state program compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedule of Expenditures of State Awards as Required by the State Compliance Audit Guide

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 10, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State Compliance Audit Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Keddington & Christensen, LLC

November 12, 2014

CITY OF MURRAY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For The Fiscal Year Ended June 30, 2014

State Legal Compliance Finding

None