

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**



**MURRAY CITY, UTAH  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

**MURRAY CITY, UTAH**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Prepared by**



**Murray Finance**

**Justin M. Zollinger CPA, Director of Finance**  
**Brenda Moore CPA, Controller**  
**Joseph Canepari, Senior Accountant**  
**JoAnn Miller, Payroll Coordinator**  
**Weina Qiu, Accounts Payable**

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# INTRODUCTORY SECTION



November 1, 2016

## 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, 2016, 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, 2016, 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 1.2 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 Wastewater 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**

The City is a major retail center in Salt Lake County with a regional mall, eleven 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 provided additional economic stability.

### **Long-term Financial Planning**

Murray City continues to use a capital improvement plan (CIP) for capital construction projects and equipment replacement. The CIP requires City leaders to plan and review the next five years projected capital needs. The City funds the CIP program with General Fund budget savings. The funds are allocated by the CIP committee which meets several times in the months of January and February each year to make recommendations. The CIP committee is made up of two members of City Council, the Mayor, the Finance Director, and Chief Administrative Officer. The recommendations are presented to the City Council each April; after the Council makes their changes, the CIP budget is passed with the City's budget. Because of this framework, there is now continuous emphasis on capital improvements.

### **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, 2015. This was the thirty-fifth consecutive year that the City has achieved this prestigious award. In order for a comprehensive annual financial report to be awarded a Certificate of Achievement, the City must publish an easily readable, efficiently organized, and satisfies 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 and for maintaining the highest standards of professionalism in the management of Murray City's finances.

Respectfully submitted,

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

Justin M. Zollinger, CPA  
Director of Finance



**MURRAY CITY LEADERSHIP**

**David Ted Eyre**  
Mayor

**D. Blair Camp**  
Council Chairman

**Dave Nicponski**  
Council Member

**Brett A. Hales**  
Council Member

**James A. Brass**  
Council Member

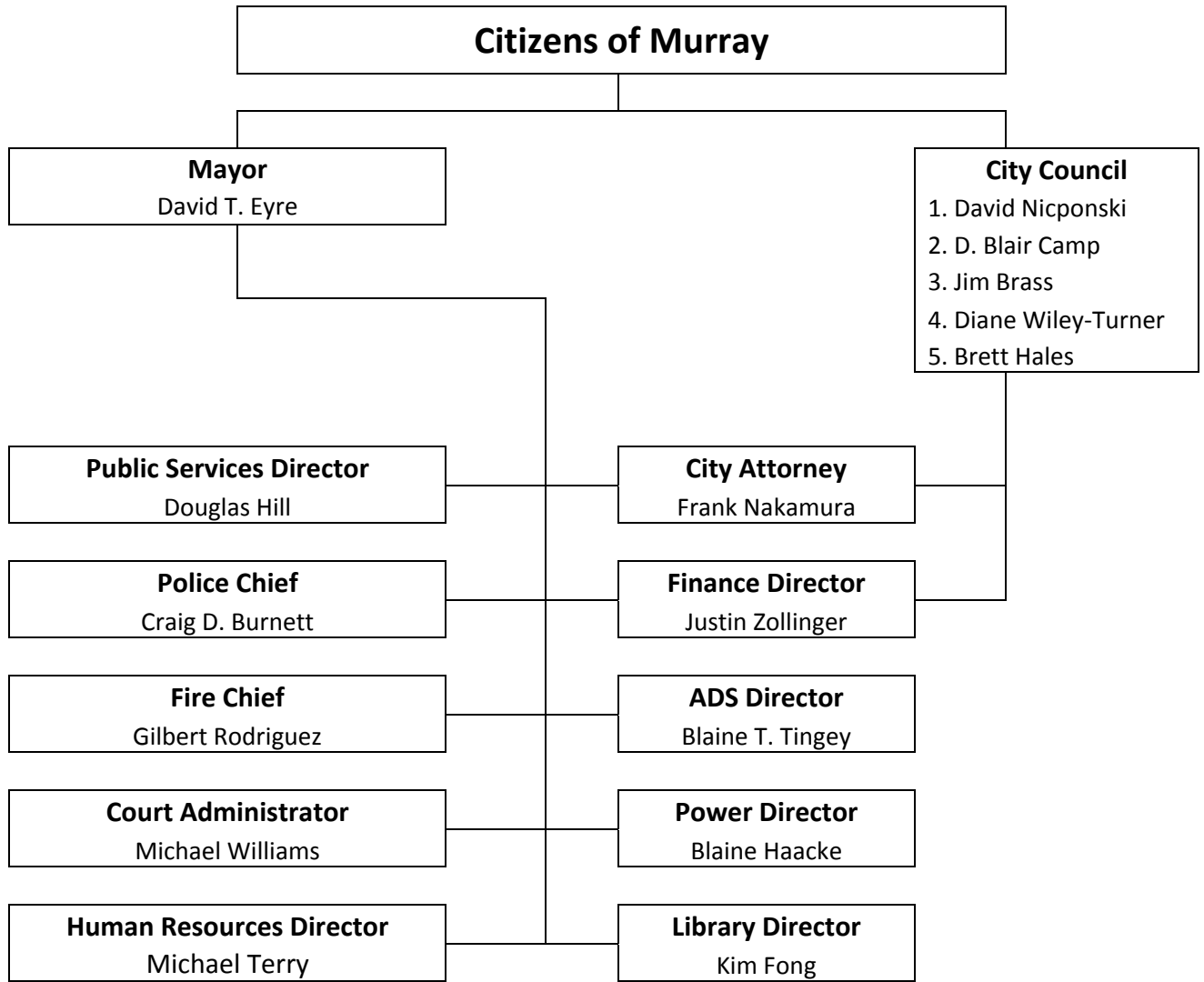
**Diane K. Wiley-Turner**  
Council Member

**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  
Blaine T. 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, 2015**

Executive Director/CEO

## FINANCIAL SECTION



**Keddington & Christensen**  
Certified Public Accountants, LLC

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Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, 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, 2016, 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, 2016, and the respective changes in financial position, 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. 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, and the budgetary comparison schedules 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 October 27, 2016, 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*

October 27, 2016

## 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, 2016. 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 \$178,326,774 (net position). Of this amount, \$37,259,973 (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 \$10,320,888. Much of this increase was due to conservative revenue budget estimates in fiscal year 2016. Actual General Fund revenues exceeded projections by \$1,631,450. Part of this was from sales tax revenue which had a \$586,493 positive budget variance, and licenses and permits revenue had positive budget variances \$733,243. The sales tax was from improved auto and retail sales, and permits had continued increase from the construction industry. Business-type activities saw mostly small increases in operating revenue associated with warmer temperatures and City leaders continued to manage expenses.
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$25,872,537 an increase of \$1,105,113 in comparison with the prior year. This increase was from the sale of the last remaining cemetery plots, the additional sales tax rate increase, and several large building permits that were issued during the year. Approximately 35 percent of this total amount, \$9,279,881 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,279,881 or 24 percent of actual general fund revenues. The General Fund's allowable unassigned fund balance increased by \$655,579. This was a result of increased sales tax revenue of approximately \$3,415,601. The portion of reserves that was above 24 percent was moved to the Capital Projects Fund to be used for one time future capital needs.
- Murray City's total bonded debt decreased by \$10,897,000 or 44.43 percent fiscal year 2016. In the future, Murray City will continue to look for opportunities to retire debt early in preparation for building the new city hall.

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 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 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 five 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 two 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 budgetary compliance.



## 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, Wastewater Fund, Power Fund, Storm Water Fund, Murray Parkway Recreation Fund, Telecom 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 Wastewater 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 \$178,326,774 at the close of the most recent fiscal year. The largest portion of Murray City's net position (76.68 percent), reflects its investment in capital assets (e.g., land, construction in process, buildings, 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 41,324,953	\$ 40,521,281	\$ 31,708,092	\$ 36,125,331	\$ 73,033,045	\$ 76,646,612
Capital assets	70,778,843	68,924,057	79,727,866	80,014,990	150,506,709	148,939,047
Total assets	<u>112,103,796</u>	<u>109,445,338</u>	<u>111,435,958</u>	<u>116,140,321</u>	<u>223,539,754</u>	<u>225,585,659</u>
Total deferred outflows of resources	<u>5,656,841</u>	<u>1,703,574</u>	<u>1,761,920</u>	<u>532,675</u>	<u>7,418,761</u>	<u>2,236,249</u>
Long-term liabilities outstanding	15,874,231	14,893,174	11,225,922	18,203,105	27,100,153	33,096,279
Other liabilities	6,958,402	6,796,824	8,385,498	9,793,575	15,343,900	16,590,399
Total liabilities	<u>22,832,633</u>	<u>21,689,998</u>	<u>19,611,420</u>	<u>27,996,680</u>	<u>42,444,053</u>	<u>49,686,678</u>
Total deferred inflows of resources	<u>9,675,432</u>	<u>9,628,697</u>	<u>512,256</u>	<u>500,647</u>	<u>10,187,688</u>	<u>10,129,344</u>
Net position:						
Net investment in capital assets	64,824,624	60,998,319	71,915,698	63,107,297	136,740,322	124,105,616
Restricted	4,030,416	3,632,938	296,063	599,057	4,326,479	4,231,995
Unrestricted	<u>16,397,532</u>	<u>15,198,960</u>	<u>20,862,441</u>	<u>24,469,315</u>	<u>37,259,973</u>	<u>39,668,275</u>
Total net position	<u>\$ 85,252,572</u>	<u>\$ 79,830,217</u>	<u>\$ 93,074,202</u>	<u>\$ 88,175,669</u>	<u>\$ 178,326,774</u>	<u>\$ 168,005,886</u>

An additional portion of Murray City's net position (2.43 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$37,259,973 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 \$10,320,888 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 7,513,050	\$ 6,802,693	\$ 52,947,021	\$ 51,136,153	\$ 60,460,071	\$ 57,938,846
Operating grants and contributions	2,513,522	3,306,244	-	-	2,513,522	3,306,244
Capital grants and contributions	1,496,245	213,282	167,443	177,514	1,663,688	390,796
General revenues:						
Sales taxes	17,596,193	14,180,592	-	-	17,596,193	14,180,592
Property taxes	11,031,403	11,051,998	-	-	11,031,403	11,051,998
Franchise taxes	4,793,748	4,723,793	-	-	4,793,748	4,723,793
Investment income	232,341	171,045	383,022	308,112	615,363	479,157
Gain/(loss) on disposal of assets	82,049	31,248	89,912	50,350	171,961	81,598
Miscellaneous	417,495	349,131	-	-	417,495	349,131
Total revenues	<u>45,676,046</u>	<u>40,830,026</u>	<u>53,587,398</u>	<u>51,672,129</u>	<u>99,263,444</u>	<u>92,502,155</u>
Expenses:						
General government	8,191,923	8,195,009	-	-	8,191,923	8,195,009
Public safety	19,661,381	17,450,210	-	-	19,661,381	17,450,210
Highways & public improvements	6,870,342	6,290,764	-	-	6,870,342	6,290,764
Parks, recreation, and culture	8,443,587	8,029,613	-	-	8,443,587	8,029,613
Debt service - interest and fiscal charges	317,364	303,383	-	-	317,364	303,383
Water	-	-	4,559,508	4,399,198	4,559,508	4,399,198
Wastewater	-	-	3,425,032	3,554,597	3,425,032	3,554,597
Power	-	-	32,429,067	32,612,921	32,429,067	32,612,921
Murray parkway	-	-	1,294,901	1,393,584	1,294,901	1,393,584
Telecommunications	-	-	84,356	69,019	84,356	69,019
Solid waste	-	-	1,322,628	1,229,271	1,322,628	1,229,271
Storm water	-	-	2,342,467	2,452,036	2,342,467	2,452,036
Total expenses	<u>43,484,597</u>	<u>40,268,979</u>	<u>45,457,959</u>	<u>45,710,626</u>	<u>88,942,556</u>	<u>85,979,605</u>
Increase (decrease) in net position before transfers	2,191,449	561,047	8,129,439	5,961,503	10,320,888	6,522,550
Transfers - net	3,230,906	4,173,226	(3,230,906)	(4,173,226)	-	-
Increase (decrease) in net position	5,422,355	4,734,273	4,898,533	1,788,277	10,320,888	6,522,550
Net position at beginning of year	79,830,217	75,095,944	88,175,669	86,387,392	168,005,886	161,483,336
Net position at end of year	<u>\$ 85,252,572</u>	<u>\$ 79,830,217</u>	<u>\$ 93,074,202</u>	<u>\$ 88,175,669</u>	<u>\$ 178,326,774</u>	<u>\$ 168,005,886</u>

### Governmental Activities

Governmental activities increased Murray City's net position by \$5,422,355. Key elements are as follows:

- Conservative revenue budgets are a significant reason why Murray City has a positive increase in net position each year. This in combination with leaders requiring a balanced budget promotes long term sustainability
- Revenue exceeded budget by approximately \$1,631,000, part of this positive variance was the result of the following revenues:
  - \$586,000 from sales tax revenue
  - \$733,000 from licenses and permits
  - \$391,000 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 \$4,898,533. Key elements are as follows:

- Total operating income was \$7,415,103; this was an increase of approximately \$1,631,000 over the prior year. This increase was the result of warmer temperatures during summer months over the prior year.
- Interest expense decreased for the fourth straight year. It was \$644,378 in fiscal year 2015, in fiscal year 2016 it was \$441,271, a decrease of \$203,107.
- In the Power Fund, the UAMPS Hunter project which paid for carbon scrubbers was paid in full, helping the Power Fund increase its operating margin by approximately \$1,263,000.

### **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 \$25,872,537, an increase of \$1,105,113 in comparison with the prior year. Of the total balance, \$208,540 is nonspendable, \$4,030,416 is restricted, \$1,354,260 is committed, \$10,999,440 is assigned, and \$9,279,881 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 \$9,557,213, of which \$173,167 is nonspendable, \$104,165 is restricted, and \$9,279,881 is unassigned.

## MURRAY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The Capital Projects Fund has a total fund balance of \$12,644,814, an increase of \$713,409 over the prior year. Of the total fund balance, \$1,645,374 was restricted. The remaining amount is for capital needs and construction of a new city hall. This fund will start to decrease in fiscal year 2017 as the City start construction of 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 \$2,276,057, in the Wastewater Fund \$7,036,783, in the Power Fund \$9,164,764, and in the Storm Water Fund \$918,574.

The following funds received capital contributions: Water \$48,705, Wastewater \$36,736, Power \$12,500, and Storm Water \$69,502. These contributions of water and sewer lines, power improvements, and storm drains came from developers within the City.

### **General Fund Budgetary Highlights**

The original budget and the final amended budget decreased by (\$2,071,000), the material changes are summarized as follows:

- A decrease in budget for administrative overhead allocation of (\$3,258,000).
- Increase budget for a transfer to the Parkway Golf Fund of \$500,000
- Increase budget in streets and highways for Class C road fund reserves use of \$233,000.
- Increase budget in police was for various grants received of \$176,000.
- Increase budget in parks & recreation budget various grants received of \$126,000.
- Increase budget in fire for grants received of \$75,000.

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, 2016 was \$150,506,709 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, infrastructure, machinery and equipment, and intangibles. The total change in Murray City's investment in capital assets for the current fiscal year was an increase of \$1,567,662. This represents an increase of \$1,854,786 for governmental activities and a \$287,124 decrease for business-type activities. These changes in capital assets 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 2016 are as follows:

- McGhie Well replacement project for \$1,543,000
- 500 West sewer line project for \$903,000
- Cemetery irrigation project for \$784,000
- Murray theater purchase \$604,000
- Fire truck purchase \$587,000
- 5900 South water line project for \$500,000
- Murray Park Pavilion project \$377,000
- New City phone system purchase \$371,000
- 4500 South water line project for \$329,000
- 440 East road project \$324,000
- Garbage truck purchase \$273,000
- Wastewater vacuum truck purchase \$269,000

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

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	2016	2015	2016	2015	2016	2015
Land	\$ 14,998,469	\$ 14,786,968	\$ 6,974,069	\$ 6,974,069	\$ 21,972,538	\$ 21,761,037
Construction in progress	2,358,177	883,847	5,288,320	2,782,438	7,646,497	3,666,285
Buildings	17,573,944	17,948,467	1,255,269	1,375,430	18,829,213	19,323,897
Infrastructure	30,727,424	31,187,633	57,143,179	60,167,770	87,870,603	91,355,403
Machinery and equipment	5,120,829	4,117,142	7,762,631	7,334,334	12,883,460	11,451,476
Intangibles	-	-	1,304,398	1,380,949	1,304,398	1,380,949
Total net capital assets	<u>\$ 70,778,843</u>	<u>\$ 68,924,057</u>	<u>\$ 79,727,866</u>	<u>\$ 80,014,990</u>	<u>\$ 150,506,709</u>	<u>\$ 148,939,047</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 \$13,629,000. All of Murray City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

**Murray City's Outstanding Revenue Bonds**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	2016	2015	2016	2015	2016	2015
	\$ 5,671,000	\$ 7,571,000	\$ 7,958,000	\$ 16,955,000	\$ 13,629,000	\$ 24,526,000

Murray City's bonded debt decreased by \$10,897,000 or 44.43 percent in fiscal year 2016.

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.

## MURRAY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Economic Factors and Next Year's Budgets and Rates**

The State Legislature allowed 14 Cities to levy an additional 0.2% sales tax, if imposed before June 30, 2016. Murray City leaders decided in June of 2015 to enact this additional sales tax rate. This rate stays in place until June 30, 2030 or can be reduced prior if City leaders so choose. This resulted in an increase of approximately 2.7 million in sales tax revenue.

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 interested parties. 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, 2016**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Current assets:			
Cash and cash equivalents	\$ 20,270,562	\$ 14,541,465	\$ 34,812,027
Investments	6,136,619	6,143,795	12,280,414
Accounts receivable (net of allowance)	8,680,544	4,384,939	13,065,483
Notes receivable	-	34,690	34,690
Due from other governments	3,895,807	1,895	3,897,702
Inventory	59,986	2,399,645	2,459,631
Prepaid items	196,471	199	196,670
Pension asset	237,179	-	237,179
Noncurrent assets:			
Restricted cash	16,944	296,063	313,007
Notes receivable	-	408,100	408,100
Investments in joint ventures	1,830,841	3,497,301	5,328,142
Capital assets:			
Land	14,998,469	6,974,069	21,972,538
Construction in progress	2,358,177	5,288,320	7,646,497
Buildings	32,854,855	6,305,540	39,160,395
Infrastructure	82,965,198	157,848,725	240,813,923
Machinery and equipment	15,754,832	20,624,346	36,379,178
Intangibles	-	3,759,027	3,759,027
Accumulated depreciation and amortization	(78,152,688)	(121,072,161)	(199,224,849)
Total assets	<u>112,103,796</u>	<u>111,435,958</u>	<u>223,539,754</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred pension costs	5,656,841	1,761,920	7,418,761
Total deferred outflows of resources	<u>5,656,841</u>	<u>1,761,920</u>	<u>7,418,761</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	1,701,907	4,365,133	6,067,040
Accrued liabilities	1,403,362	540,103	1,943,465
Customer deposits	248,847	1,852,477	2,101,324
Compensated absences	2,305,273	792,663	3,097,936
Due to other government	77,137	-	77,137
Interest payable	30,634	75,432	106,066
Notes payable	-	34,690	34,690
Bonds and leases payable	1,191,242	725,000	1,916,242
Noncurrent liabilities:			
Compensated absences	822,248	342,141	1,164,389
Net OPEB payable	211,799	241,225	453,024
Net pension payable	10,077,207	3,147,288	13,224,495
Notes payable	-	408,100	408,100
Bonds and leases payable	4,762,977	7,087,168	11,850,145
Total liabilities	<u>22,832,633</u>	<u>19,611,420</u>	<u>42,444,053</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred pension gains	1,638,420	512,256	2,150,676
Deferred inflows-property taxes	8,037,012	-	8,037,012
Total deferred inflows of resources	<u>9,675,432</u>	<u>512,256</u>	<u>10,187,688</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	64,824,624	71,915,698	136,740,322
Restricted			
Capital	3,502,430	92,083	3,594,513
Debt service	295	203,980	204,275
Library	432,088	-	432,088
Other purposes	95,603	-	95,603
Unrestricted	16,397,532	20,862,441	37,259,973
Total net position	<u>\$ 85,252,572</u>	<u>\$ 93,074,202</u>	<u>\$ 178,326,774</u>

The accompanying notes are an integral part of this statement.



**MURRAY CITY**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	<b>Governmental Fund Types</b>				<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Redevelopment Agency Fund</b>	<b>Other Governmental Funds</b>	
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 4,279,537	\$ 10,681,467	\$ 1,871,448	\$ 1,513,328	\$ 18,345,780
Investments	2,917,611	2,917,611	-	301,397	6,136,619
Receivables, net:					
Property taxes	6,187,781	-	477,178	1,504,281	8,169,240
Other	511,079	-	-	225	511,304
Due from other governments	3,871,286	24,521	-	-	3,895,807
Prepaid items	173,167	3,940	-	19,364	196,471
Restricted cash	640	-	295	16,009	16,944
<b>Total assets</b>	<b>17,941,101</b>	<b>13,627,539</b>	<b>2,348,921</b>	<b>3,354,604</b>	<b>37,272,165</b>
<b><u>LIABILITIES</u></b>					
Accounts payable	665,448	982,725	21,954	19,189	1,689,316
Accrued liabilities	1,098,794	-	-	35,291	1,134,085
Due to other governments	77,137	-	-	-	77,137
Deposits	247,847	-	1,000	-	248,847
<b>Total liabilities</b>	<b>2,089,226</b>	<b>982,725</b>	<b>22,954</b>	<b>54,480</b>	<b>3,149,385</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred inflows-ambulance billing	213,231	-	-	-	213,231
Deferred inflows-property taxes	6,081,431	-	477,178	1,478,403	8,037,012
<b>Total deferred inflows of resources</b>	<b>6,294,662</b>	<b>-</b>	<b>477,178</b>	<b>1,478,403</b>	<b>8,250,243</b>
<b><u>FUND BALANCE</u></b>					
Nonspendable	173,167	-	-	35,373	208,540
Restricted	104,165	1,645,374	1,848,789	432,088	4,030,416
Committed	-	-	-	1,354,260	1,354,260
Assigned	-	10,999,440	-	-	10,999,440
Unassigned	9,279,881	-	-	-	9,279,881
<b>Total fund balances</b>	<b>9,557,213</b>	<b>12,644,814</b>	<b>1,848,789</b>	<b>1,821,721</b>	<b>25,872,537</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 17,941,101</b>	<b>\$ 13,627,539</b>	<b>\$ 2,348,921</b>	<b>\$ 3,354,604</b>	<b>\$ 37,272,165</b>

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, 2016**

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

Total Fund Balances - Total Governmental Funds	\$ 25,872,537
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	72,609,684
The net pension asset is not an available resource and, therefore, is not reported in the funds.	237,179
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources.	213,231
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.	1,571,550
Deferred pension gains and deferred pension costs are not associated with the use of current financial resources and are not reported in the fund statements.	3,945,584
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(19,197,193)</u>
Net Position - Governmental Activities	<u><u>\$ 85,252,572</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, 2016**

	<b>Governmental Fund Types</b>				<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Redevelopment Agency Fund</b>	<b>Other Governmental Funds</b>	
<b>REVENUES</b>					
Sales taxes	\$ 17,596,193	\$ -	\$ -	\$ -	\$ 17,596,193
Property taxes	6,653,313	-	-	1,618,893	8,272,206
Tax increment	-	-	2,759,197	-	2,759,197
Franchise taxes	4,793,748	-	-	-	4,793,748
Licenses and permits	1,989,143	-	-	-	1,989,143
Intergovernmental	2,134,606	1,224,521	-	13,300	3,372,427
Charges for services	3,095,240	-	-	324,175	3,419,415
Fines and forfeitures	1,570,238	-	-	52,937	1,623,175
Emergency 911 Fees	465,539	-	-	-	465,539
Miscellaneous	277,580	111,058	17,536	11,321	417,495
Investment income	90,571	95,556	17,962	15,369	219,458
<b>Total revenues</b>	<b>38,666,171</b>	<b>1,431,135</b>	<b>2,794,695</b>	<b>2,035,995</b>	<b>44,927,996</b>
<b>EXPENDITURES</b>					
General government	6,448,595	744,522	-	-	7,193,117
Public safety	18,264,136	1,311,404	-	-	19,575,540
Highways and public improvements	4,225,290	1,470,524	1,650,122	-	7,345,936
Parks, recreation, and culture	5,954,485	1,415,558	-	1,620,608	8,990,651
Debt service:					
Principal	1,032,781	-	975,000	-	2,007,781
Interest and fiscal charges	259,037	-	89,823	-	348,860
Pledge payment - UTOPIA debt service	1,680,468	-	-	-	1,680,468
<b>Total expenditures</b>	<b>37,864,792</b>	<b>4,942,008</b>	<b>2,714,945</b>	<b>1,620,608</b>	<b>47,142,353</b>
Excess (deficiency) of revenues over (under) expenditures	801,379	(3,510,873)	79,750	415,387	(2,214,357)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	4,307,171	4,241,558	-	34,000	8,582,729
Transfers out	(4,582,234)	(100,000)	(594,068)	(69,681)	(5,345,983)
Sale of capital assets	-	82,724	-	-	82,724
<b>Total other financing sources (uses)</b>	<b>(275,063)</b>	<b>4,224,282</b>	<b>(594,068)</b>	<b>(35,681)</b>	<b>3,319,470</b>
Net change in fund balance	526,316	713,409	(514,318)	379,706	1,105,113
Fund balance at beginning of year	9,030,897	11,931,405	2,363,107	1,442,015	24,767,424
Fund balance at end of year	<b>\$ 9,557,213</b>	<b>\$ 12,644,814</b>	<b>\$ 1,848,789</b>	<b>\$ 1,821,721</b>	<b>\$ 25,872,537</b>

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, 2016**

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

Net change in fund balances - total governmental funds	\$ 1,105,113
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.	1,800,587
Revenue recognized in the government-wide statement of activities that are not in the fund statements	15,778
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.	2,563,237
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.	(133,273)
The net revenue of certain activities of the Internal Service Funds are reported with governmental activities	<u>70,913</u>
Change in net position of governmental activities	<u><u>\$ 5,422,355</u></u>

The accompanying notes are an integral part of this statement.

**MURRAY CITY**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental - Activities</b>	
	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Power Fund</b>	<b>Storm Water Fund</b>	<b>Non-Major</b>	<b>Total</b>	<b>Internal</b>
					<b>Enterprise Funds</b>		<b>Service Funds</b>
<b><u>ASSETS</u></b>							
Current assets:							
Cash and cash equivalents	\$ 979,838	\$ 4,095,292	\$ 6,987,296	\$ 996,748	\$ 1,482,291	\$ 14,541,465	\$ 1,924,782
Investments	1,945,074	-	3,890,147	-	308,574	6,143,795	-
Accounts receivable (net)	683,449	366,102	3,057,619	145,204	132,565	4,384,939	-
Notes receivable	-	-	-	-	34,690	34,690	-
Due from other funds	42,732	-	-	-	-	42,732	-
Due from other governments	-	375	1,520	-	-	1,895	-
Inventory	-	-	2,325,329	-	74,316	2,399,645	59,986
Prepaid items	-	-	199	-	-	199	-
Total current assets	<u>3,651,093</u>	<u>4,461,769</u>	<u>16,262,110</u>	<u>1,141,952</u>	<u>2,032,436</u>	<u>27,549,360</u>	<u>1,984,768</u>
Noncurrent assets:							
Restricted cash	39	262,678	-	33,346	-	296,063	-
Notes receivable	-	-	-	-	408,100	408,100	-
Investment in joint venture	-	3,497,301	-	-	-	3,497,301	-
Capital assets:							
Land	2,155,313	455,921	1,691,650	2,344,849	326,336	6,974,069	-
Construction in progress	3,487,937	975,426	13,334	786,623	25,000	5,288,320	-
Buildings	933,326	949,132	3,549,963	-	873,119	6,305,540	-
Infrastructure	29,088,183	12,443,896	76,537,329	36,045,168	3,734,149	157,848,725	-
Machinery and equipment	3,321,587	1,247,524	13,520,012	1,156,540	1,378,683	20,624,346	166,023
Intangibles	-	-	3,759,027	-	-	3,759,027	-
Accumulated depreciation and amortization	(17,009,124)	(7,254,137)	(65,267,046)	(26,432,177)	(5,109,677)	(121,072,161)	(114,312)
Total noncurrent assets	<u>21,977,261</u>	<u>12,577,741</u>	<u>33,804,269</u>	<u>13,934,349</u>	<u>1,635,710</u>	<u>83,929,330</u>	<u>51,711</u>
Total assets	<u>25,628,354</u>	<u>17,039,510</u>	<u>50,066,379</u>	<u>15,076,301</u>	<u>3,668,146</u>	<u>111,478,690</u>	<u>2,036,479</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>							
Deferred pension costs	288,190	132,310	1,091,121	113,942	136,357	1,761,920	98,537
Total deferred outflows of resources	<u>288,190</u>	<u>132,310</u>	<u>1,091,121</u>	<u>113,942</u>	<u>136,357</u>	<u>1,761,920</u>	<u>98,537</u>

The accompanying notes are an integral part of this statement.

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental - Activities</b>	
	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Power Fund</b>	<b>Storm Water Fund</b>	<b>Non-Major Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b><u>LIABILITIES</u></b>							
Current liabilities:							
Accounts payable	717,297	639,214	2,898,407	7,642	102,573	4,365,133	12,591
Accrued liabilities	50,955	24,918	305,073	19,648	139,509	540,103	269,277
Due to other funds	-	-	-	-	42,732	42,732	-
Accrued interest payable	17,688	33,129	-	24,615	-	75,432	-
Compensated absences	140,126	61,674	484,398	38,331	68,134	792,663	30,352
Notes payable	-	-	-	-	34,690	34,690	-
Bonds payable	312,941	297,059	-	115,000	-	725,000	-
Total current liabilities	1,239,007	1,055,994	3,687,878	205,236	387,638	6,575,753	312,220
Noncurrent liabilities:							
Deposits	13,750	-	1,838,727	-	-	1,852,477	-
Compensated absences	60,484	26,620	209,084	16,544	29,409	342,141	10,826
Net OPEB payable	72,328	-	168,897	-	-	241,225	-
Net pension payable	508,285	231,640	1,963,400	198,543	245,420	3,147,288	163,009
Notes payable	-	-	-	-	408,100	408,100	-
Bonds payable	2,289,669	2,461,637	-	2,335,862	-	7,087,168	-
Total noncurrent liabilities	2,944,516	2,719,897	4,180,108	2,550,949	682,929	13,078,399	173,835
Total liabilities	4,183,523	3,775,891	7,867,986	2,756,185	1,070,567	19,654,152	486,055
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>							
Deferred pension gains	82,313	37,402	320,481	31,997	40,063	512,256	25,700
Total deferred inflows of resources	82,313	37,402	320,481	31,997	40,063	512,256	25,700
<b><u>NET POSITION</u></b>							
Net investment in capital assets	19,374,612	6,059,066	33,804,269	11,450,141	1,227,610	71,915,698	51,711
Restricted for capital	-	92,083	-	-	-	92,083	-
Restricted for debt service	39	170,595	-	33,346	-	203,980	-
Unrestricted	2,276,057	7,036,783	9,164,764	918,574	1,466,263	20,862,441	1,571,550
Total net position	\$21,650,708	\$13,358,527	\$42,969,033	\$12,402,061	\$ 2,693,873	\$ 93,074,202	\$ 1,623,261

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, 2016**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental - Activities</b>	
	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Power Fund</b>	<b>Storm Water Fund</b>	<b>Non-Major Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b><u>OPERATING REVENUES</u></b>							
Charges for services	\$ 5,322,549	\$ 4,574,717	\$34,817,924	\$ 1,625,765	\$ 2,838,219	\$ 49,179,174	\$ 1,452,933
Connection and servicing fees	3,770	1,550	215,367	-	-	220,687	-
Other	9,601	5,124	2,908,708	4,542	4,320	2,932,295	-
Total operating revenues	<u>5,335,920</u>	<u>4,581,391</u>	<u>37,941,999</u>	<u>1,630,307</u>	<u>2,842,539</u>	<u>52,332,156</u>	<u>1,452,933</u>
<b><u>OPERATING EXPENSES</u></b>							
Wages and benefits	1,443,171	702,373	5,150,114	581,960	802,967	8,680,585	546,927
Administrative fees	663,064	409,051	1,720,315	100,561	116,460	3,009,451	1,250
Depreciation and amortization	1,028,630	461,861	3,056,826	1,263,484	191,447	6,002,248	6,334
Operations and maintenance	1,331,641	1,665,777	22,307,075	331,376	1,588,900	27,224,769	834,552
Total operating expenses	<u>4,466,506</u>	<u>3,239,062</u>	<u>32,234,330</u>	<u>2,277,381</u>	<u>2,699,774</u>	<u>44,917,053</u>	<u>1,389,063</u>
Operating income (loss)	<u>869,414</u>	<u>1,342,329</u>	<u>5,707,669</u>	<u>(647,074)</u>	<u>142,765</u>	<u>7,415,103</u>	<u>63,870</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>							
Investment income	43,609	31,137	286,662	7,832	13,782	383,022	12,883
Interest and fiscal charges	(93,002)	(86,335)	(194,737)	(65,086)	(2,111)	(441,271)	-
Impact fees	140,212	233,225	231,250	10,178	-	614,865	-
Equity in income of joint venture	-	(99,635)	-	-	-	(99,635)	-
Gain/(loss) on disposal of assets	1,275	85,000	-	(320)	3,957	89,912	-
Total nonoperating revenues (expenses)	<u>92,094</u>	<u>163,392</u>	<u>323,175</u>	<u>(47,396)</u>	<u>15,628</u>	<u>546,893</u>	<u>12,883</u>
Income (loss) before contributions and transfers	<u>961,508</u>	<u>1,505,721</u>	<u>6,030,844</u>	<u>(694,470)</u>	<u>158,393</u>	<u>7,961,996</u>	<u>76,753</u>
Capital contributions	48,705	36,736	12,500	69,502	-	167,443	-
Transfers in	-	21,125	21,125	-	600,000	642,250	-
Transfers out	(444,781)	(337,191)	(2,837,273)	(136,577)	(117,334)	(3,873,156)	(5,840)
Change in net position	565,432	1,226,391	3,227,196	(761,545)	641,059	4,898,533	70,913
Total net position, beginning	<u>21,085,276</u>	<u>12,132,136</u>	<u>39,741,837</u>	<u>13,163,606</u>	<u>2,052,814</u>	<u>88,175,669</u>	<u>1,552,348</u>
Total net position - ending	<u>\$21,650,708</u>	<u>\$13,358,527</u>	<u>\$42,969,033</u>	<u>\$12,402,061</u>	<u>\$ 2,693,873</u>	<u>\$ 93,074,202</u>	<u>\$ 1,623,261</u>

The accompanying notes are an integral part of this statement.

**MURRAY CITY**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Business-type Activities - Enterprise Funds					Governmental - Activities	
	Water Fund	Wastewater Fund	Power Fund	Storm Water Fund	Non-Major	Total	Internal Service Funds
					Enterprise Funds		
<b>Cash flows from operating activities</b>							
Receipts from customers and users	\$5,269,372	\$4,590,543	\$38,089,730	\$1,628,396	\$2,830,269	\$52,408,310	\$ 1,452,933
Payments to suppliers of goods and services	(895,399)	(1,120,615)	(22,638,732)	(1,100,247)	(1,568,846)	(27,323,839)	(903,930)
Payments to employees for services	(1,521,594)	(718,045)	(5,356,543)	(634,743)	(823,290)	(9,054,215)	(557,306)
Payment for interfund services	(663,064)	(409,051)	(1,720,315)	(100,561)	(116,460)	(3,009,451)	(1,250)
Investments in joint venture	-	(254,610)	-	-	-	(254,610)	-
Net cash provided (used) by operating activities	2,189,315	2,088,222	8,374,140	(207,155)	321,673	12,766,195	(9,553)
<b>Cash flows from noncapital financing activities</b>							
Transfers from other funds	-	21,125	21,125	-	600,000	642,250	-
Transfers to other funds	(444,781)	(337,191)	(2,837,273)	(136,577)	(117,334)	(3,873,156)	(5,840)
Changes to interfund receivables and payables	41,690	-	-	-	(41,690)	-	-
Net cash provided (used) by noncapital financing activities	(403,091)	(316,066)	(2,816,148)	(136,577)	440,976	(3,230,906)	(5,840)
<b>Cash flows from capital and related financing activities</b>							
Proceeds from sale of capital assets	45,000	85,000	-	40,000	3,957	173,957	-
Purchases of capital assets	(2,838,379)	(1,417,950)	(768,335)	(224,306)	(382,756)	(5,631,726)	(8,214)
Impact fees	140,212	233,225	231,250	10,178	-	614,865	-
Principal paid on debt	(287,971)	(279,133)	(8,308,055)	(220,366)	-	(9,095,525)	-
Interest and fiscal charges paid on capital debt	(94,976)	(89,522)	(223,514)	(66,877)	(2,111)	(477,000)	-
Net cash provided (used) by capital and related financing activities	(3,036,114)	(1,468,380)	(9,068,654)	(461,371)	(380,910)	(14,415,429)	(8,214)
<b>Cash flows from investing activities</b>							
Sale (purchase) of investments	(27,849)	-	(55,696)	-	(9,067)	(92,612)	-
Investment income	43,609	31,137	286,662	7,832	13,782	383,022	12,883
Net cash provided by investing activities	15,760	31,137	230,966	7,832	4,715	290,410	12,883
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,234,130)	334,913	(3,279,696)	(797,271)	386,454	(4,589,730)	(10,724)
<b>Cash and cash equivalents - beginning of year</b>	2,214,007	4,023,057	10,266,992	1,827,365	1,095,837	19,427,258	1,935,506
<b>Cash and cash equivalents - end of year</b>	\$ 979,877	\$4,357,970	\$ 6,987,296	\$1,030,094	\$1,482,291	\$14,837,528	\$ 1,924,782
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>							
Operating income (loss)	\$ 869,414	\$1,342,329	\$ 5,707,669	\$ (647,074)	\$ 142,765	\$ 7,415,103	\$ 63,870
Adjustments to reconcile operating income to net cash provided by:							
Depreciation and amortization	1,028,630	461,861	3,056,826	1,263,484	191,447	6,002,248	6,334
Investments in joint ventures	-	(254,610)	-	-	-	(254,610)	-
(Increase) decrease in receivables	(66,548)	8,777	146,211	(1,911)	(12,270)	74,259	-
(Increase) decrease in inventory and prepaid items	-	-	(3,748)	-	(4,709)	(8,457)	(121)
(Increase) decrease in liabilities	357,819	529,865	(532,818)	(821,654)	4,440	(462,348)	(79,636)
<b>Net cash provided by operating activities</b>	\$2,189,315	\$2,088,222	\$ 8,374,140	\$ (207,155)	\$ 321,673	\$12,766,195	\$ (9,553)
<b>Noncash investing, capital and financing activities</b>							
Capital contributions - developers	\$ 48,705	\$ 36,736	\$ 12,500	\$ 69,502	\$ -	\$ 167,443	\$ -

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 the executive director who is the City Mayor and a board of trustees composed by 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. In fiscal year 2014, all remaining assets of the MBA were transferred to the General Fund, and the MBA was placed into 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 City's activities 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.

The City departed from its 60 day revenue availability policy on one transaction in fiscal year 2016. This was for Class B & C road tax revenue, as the State legislature withheld the last payment for all Utah entities until November 2016 to correct an error in the distribution formula legislation.

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, capital improvements for governmental activities, and sale of governmental assets.
- 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 Water Fund accounts for the activities of the City's water treatment and distribution operations.
- The Wastewater Fund accounts for the operation and maintenance of the City's wastewater collection system and sewage treatment.
- The Power Fund accounts for the activities of the City's electrical production and distribution operations.
- 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.

The effects of interfund activity have been eliminated from the government-wide financial statements.

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.

## **MURRAY CITY**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### Cash & Cash Equivalents and Investments

Cash & Cash Equivalents are generally considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the purchase date.

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

#### 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, 2016 were estimated based on an average of June and July revenues less year end accounts receivable. 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 the first in, first out 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 Cash

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

#### Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Donated capital assets are recorded at estimated fair 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.

Land – Site preparation and site improvements (other than buildings) that ready land for use. The costs associated with improvements to land are added to the cost of the land. All acquisitions of land are capitalized. Land is an inexhaustible asset and does not depreciate over time.

## MURRAY CITY NOTES TO THE FINANCIAL STATEMENTS

**Buildings** – A structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable. This class also includes all building improvements. This class of assets has a purchase cost or cost of construction of \$12,000 or greater.

**Infrastructure** – Long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most other capital assets. These assets are often linear, continuous, or part of a system (power system, water system, wastewater system, storm water system, parks system, sidewalk system, road system). This class also includes all improvements that add value to land, but do not have an indefinite useful life. This class of assets has a purchase cost or cost of construction of \$12,000 or greater.

**Machinery and equipment** – Items in this class are vehicles, information technology, and similar moveable items. This class of assets has a purchase cost of \$5,000 or greater.

**Construction in progress** – Costs incurred to construct or develop a tangible or intangible capital asset before it is substantially ready to be placed into service (at which time the asset would be reclassified into the appropriate major class).

Buildings, infrastructure, machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	10 to 30 years
Infrastructure	25 to 50 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 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.

### 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.

# MURRAY CITY

## NOTES TO THE FINANCIAL STATEMENTS

### Compensated Absences

For governmental funds, the amount of 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. 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 retirement. 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.

### Pensions

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

### Long-Term 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 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. Issuance costs are 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:

- **Nonspendable** – 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.



## MURRAY CITY NOTES TO THE FINANCIAL STATEMENTS

- 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.

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.

### Fund balance flow assumptions

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.

### Net position flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

### 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.

### 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.

**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

Capital related items:

When capital assets (buildings, infrastructure, and machinery 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	\$ 70,778,843
Investment in joint venture	<u>1,830,841</u>
Total difference	<u><u>\$ 72,609,684</u></u>

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, 2016 were:

Sales tax revenue bonds	\$ 5,671,000
Bond issuance premium	62,941
Capital leases	220,278
Interest payable on long-term debt	30,634
Net OPEB payable	211,799
Net pension liability	9,914,198
Compensated absences	<u>3,086,343</u>
Total difference	<u><u>\$ 19,197,193</u></u>

Deferred pension gains and deferred pension costs are not associated with the use of current financial resources and are not reported in the fund statements.

Deferred pension gains	\$ (1,612,720)
Deferred pension costs	<u>5,558,304</u>
	<u><u>\$ 3,945,584</u></u>

**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

**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$	5,909,884
Trade-ins		-
Capital contributions		155,724
Depreciation expense		(4,265,021)
Net difference, as reported	\$	1,800,587

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Prior to or on the first council meeting in May, the Mayor submits to the Municipal Council a proposed operating budget for the fiscal year commencing the following July 1<sup>st</sup>. The operating budget includes proposed expenditures and the proposed sources of revenues.

Between the first council meeting in May and June 20<sup>th</sup>, the Municipal Council reviews and adjusts the Mayor’s proposed budget. On or before June 20<sup>th</sup>, 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.

Annual budgets for the General Fund, Capital Projects Fund, and all Special Revenue Funds (Library Fund, Redevelopment Agency Fund, and Cemetery Care 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 1<sup>st</sup> and delinquent after November 30<sup>th</sup>. Delinquent taxes become property

## MURRAY CITY

### NOTES TO THE FINANCIAL STATEMENTS

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 30<sup>th</sup> 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 monthly and quarterly. An accrual has been made for fees due and payable to the City at June 30<sup>th</sup>.

#### NOTE 4 – DEPOSITS AND INVESTMENTS

##### Deposits

As of June 30, 2016, the City's demand deposits and cash on hand totaled \$2,633,168.

##### Investments

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

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

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

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

## MURRAY CITY NOTES TO THE FINANCIAL STATEMENTS

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

### Fair Value of Investments

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

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

The following are the City's cash and cash equivalents and investments as of June 30, 2016:

Investments by Fair Value Measurements		
	Amortized Cost Basis	
Investments by Amortized Cost Basis	Level 1	Level 2
Public Treasurer's Investment Fund	\$ -	\$ 32,491,866
Total cash and cash equivalents	-	32,491,866
	Fair Value	
Investments by Fair Value Level	Level 1	Level 2
Debt Securities		
Money Market Mutual Fund	836,829	-
U.S. Agencies	3,314,916	-
Corporate Notes	6,595,616	-
U.S. Treasuries	1,282,908	-
Municipal Agencies	250,145	-
Total investments	\$ 12,280,414	\$ -

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

- Utah Public Treasurers' Investment Fund: application of the June 30, 2016 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the fund is \$32,639,933.

**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

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 value which resulted in a loss of \$4,210.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City’s deposits may not be returned. 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. As of June 30, 2016, \$2,383,168 of the City’s \$2,633,168 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

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. Money invested by Moreton Asset Management, LLC is held in a City bank account to address custodial risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State’s Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers’ acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days – 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United State Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2016, the City’s investments had the following maturities:

Investment Type	Investment Maturities (in Years)	
	Less than 1	1-5
Public Treasurer's Investment Fund	32,491,866	-
Money Market Mutual Fund	836,829	-
U.S. Agencies	500,390	2,814,526
Corporate Notes	2,239,811	4,355,805
U.S. Treasuries	-	1,282,908
Municipal Agencies	250,145	-

**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

Credit Risk

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

At June 30, 2016, the City's investments had the following quality ratings:

Investment Type	Quality Ratings				
	AAA	AA	A	BBB	Unrated
Public Treasurer's Investment Fund	-	-	-	-	32,491,866
Money Market Mutual Fund	836,829	-	-	-	-
U.S. Agencies	-	3,314,916	-	-	-
Corporate Notes	-	348,047	2,831,290	3,416,279	-
U.S. Treasuries	-	1,282,908	-	-	-
Municipal Agencies	-	250,145	-	-	-

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. Moreton Asset Management, LLC is an approved investment advisor with the Utah Public Treasurer and complies with the Money Management Act.

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

Cash and cash equivalents	\$ 34,812,027
Investments	12,280,414
Restricted cash	<u>313,007</u>
	<u>\$ 47,405,448</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	Wastewater	Power	Storm Water	Nonmajor Funds	Total
Property taxes	\$ 6,187,781	\$ -	\$ 477,178	\$ 1,504,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,169,240
Accounts receivable	1,826,110	-	-	225	689,555	372,737	3,146,272	147,356	134,865	6,317,120
Notes receivable	-	-	-	-	-	-	-	-	34,690	34,690
Intergovernmental	3,017,097	24,521	-	-	-	-	-	-	-	3,041,618
Gross receivables	11,030,988	24,521	477,178	1,504,506	689,555	372,737	3,146,272	147,356	169,555	17,562,668
Less: allowance for uncollectibles	(460,842)	-	-	-	(6,106)	(6,260)	(87,133)	(2,152)	(2,300)	(564,793)
Net total receivables	\$10,570,146	\$ 24,521	\$ 477,178	\$ 1,504,506	\$ 683,449	\$ 366,477	\$ 3,059,139	\$ 145,204	\$ 167,255	\$16,997,875

**NOTE 6 – CAPITAL ASSETS**

Capital asset governmental activity for the year ended June 30, 2016 was as follows:

<b>Governmental activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 14,786,968	\$ 211,501	\$ -	\$ 14,998,469
Construction in progress	883,847	1,944,082	(469,752)	2,358,177
Total capital assets, not being depreciated	15,670,815	2,155,583	(469,752)	17,356,646
Capital assets, being depreciated:				
Buildings	32,304,606	550,249	-	32,854,855
Infrastructure	81,149,549	1,815,649	-	82,965,198
Machinery and equipment	14,551,564	2,075,087	(871,819)	15,754,832
Total capital assets being depreciated	128,005,719	4,440,985	(871,819)	131,574,885
Less accumulated depreciation for:				
Buildings	(14,356,139)	(924,772)	-	(15,280,911)
Infrastructure	(49,961,916)	(2,275,858)	-	(52,237,774)
Machinery and equipment	(10,434,422)	(1,070,725)	871,144	(10,634,003)
Total accumulated depreciation	(74,752,477)	(4,271,355)	871,144	(78,152,688)
Total capital assets, being depreciated, (net)	53,253,242	169,630	(675)	53,422,197
Net governmental capital assets	\$ 68,924,057	\$ 2,325,213	\$ (470,427)	\$ 70,778,843



**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

Capital asset business-type activity for the year ended June 30, 2016 was as follows:

<b>Business-type activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 6,974,069	\$ -	\$ -	\$ 6,974,069
Construction in progress	2,782,438	3,022,420	(516,538)	5,288,320
Total capital assets, not being depreciated	<u>9,756,507</u>	<u>3,022,420</u>	<u>(516,538)</u>	<u>12,262,389</u>
Capital assets, being depreciated:				
Buildings	6,305,540	-	-	6,305,540
Infrastructure	156,212,397	1,636,328	-	157,848,725
Machinery and equipment	19,320,810	1,656,959	(353,423)	20,624,346
Intangibles	3,759,027	-	-	3,759,027
Total capital assets, being depreciated	<u>185,597,774</u>	<u>3,293,287</u>	<u>(353,423)</u>	<u>188,537,638</u>
Less accumulated depreciation for:				
Buildings	(4,930,110)	(120,161)	-	(5,050,271)
Infrastructure	(96,044,627)	(4,660,919)	-	(100,705,546)
Machinery and equipment	(11,986,476)	(1,144,617)	269,378	(12,861,715)
Intangibles	(2,378,078)	(76,551)	-	(2,454,629)
Total accumulated depreciation and amortization	<u>(115,339,291)</u>	<u>(6,002,248)</u>	<u>269,378</u>	<u>(121,072,161)</u>
Total capital assets, depreciated (net)	<u>70,258,483</u>	<u>(2,708,961)</u>	<u>(84,045)</u>	<u>67,465,477</u>
Net business-type capital assets	<u>\$ 80,014,990</u>	<u>\$ 313,459</u>	<u>\$ (600,583)</u>	<u>\$ 79,727,866</u>

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

Governmental activities:

General government	\$ 409,393
Public safety	850,812
Highways and public improvements	2,104,366
Parks, recreation, and culture	<u>906,784</u>
Total depreciation expense - governmental activities	<u>\$ 4,271,355</u>

Business-type activities:

Water	\$ 1,028,630
Wastewater	\$ 461,861
Storm Water	\$ 1,263,484
Power	\$ 3,056,826
Murray Parkway Recreation	\$ 179,146
Solid Waste	<u>\$ 12,301</u>
Total depreciation expense - business-type activities	<u>\$ 6,002,248</u>

**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2016, interfund balances due to or from other funds was as follows:

Receivable Fund	Payable Fund	Amount
Water	Murray Parkway Recreation	42,732
		<u>\$ 42,732</u>

Interfund loans are generally for working capital requirements and are expected to be repaid within the next few fiscal years. In fiscal year 2012 the Murray Parkway Recreation Fund received a loan from the Water fund for \$205,245 for the purchase of golf carts. The loan is for five years at 2.5 percent interest. In addition to the 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, 2016 were as follows:

Fund Transferring Out	Fund Receiving Transfer	Amount
Water	General	\$ 428,738
Wastewater	General	329,416
Storm Water	General	128,309
Power	General	2,790,586
Solid Waste	General	109,559
Redevelopment Agency	General	520,563
General	Cemetery Perpetual Care	34,000
Cemetery Perpetual Care	Capital Projects	58,000
Library	Capital Projects	11,681
Water	Capital Projects	16,043
Wastewater	Capital Projects	7,775
Power	Capital Projects	46,687
Murray Parkway Recreation	Capital Projects	6,789
Solid Waste	Capital Projects	986
Storm Water	Capital Projects	8,268
Central Garage	Capital Projects	3,906
Retained Risk	Capital Projects	1,934
General	Capital Projects	4,048,234
Redevelopment Agency	Capital Projects	31,255
Redevelopment Agency	Power	21,125
Redevelopment Agency	Wastewater	21,125
General	Murray Parkway Recreation	500,000
Capital Projects	Murray Parkway Recreation	100,000
		<u>\$9,224,979</u>

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

## **MURRAY CITY**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### NOTE 8 – INVESTMENTS IN JOINT VENTURES

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

#### Trans-Jordan Cities

The City has an approximate 8.42 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, 2015, 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 for fiscal year 2016. 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 Wastewater 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 \$1,428,608 in 2016. The Wastewater Fund made a net contribution of \$168,646 to the Facility in 2016 and recorded a (\$99,635) loss in joint venture resulting in a net increase in its investment in the Facility of \$69,011.

During 2005, the Facility issued \$35,000,000 of revenue bonds. The City's share of the total outstanding obligation at December 31, 2015 is \$2,072,651. 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, 2016 is \$1,304,399, 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 and UIA agreement).

**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 10 – CAPITAL & OPERATING LEASES

The City has entered into lease agreements, as lessee, to finance the acquisition or use of equipment. These lease agreements qualify as capital or operating 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 or used through capital or operating leases are as follows:

Description	Original Principal	Interest Rates	Historic Cost	Accumulated Depreciation	Type
IBM Server	\$ 95,795	2.480%	\$ 95,795	54,284	Capital
Asphalt Grinder	\$ 420,000	1.230%	\$ 414,080	75,915	Capital
Mail Machine	\$ 96,353	N/A	\$ 96,353	N/A	Operating

The annual operating lease expense for the mail machine is \$19,271.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

	June 30,	Totals
	2017	\$ 109,532
	2018	99,285
	2019	<u>14,452</u>
Total minimum lease payments		223,269
Less: interest portion		<u>(2,991)</u>
Present value of minimum lease payments		220,278
Amount due within one year		<u>(107,513)</u>
Amount due after one year		<u>\$ 112,765</u>

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 Wastewater Fund to issue bonds in the amount of \$2,626,000, but as of June 30, 2016 only \$1,516,000 was issued.

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

Advance Defeasance

The City paid off \$710,000 of the 2009A bonds. This was done with funding from the Redevelopment Agency Fund.

**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

Revenue bonds outstanding at June 30, 2016 by issue are as follows:

Bond Description	Original Issue	Annual Principal	Interest Rate	Final Due Date	Amount
Water/Sewer Series 2012	5,070,000	\$60,000 to 600,000	2.575%	10/1/2023	4,390,000
Sewer Series 2012	2,626,000	\$102,000 to 165,000	2.5%	10/1/2032	1,203,000
Storm Water 2013	3,000,000	\$110,000 to 215,000	2.00% to 4.00%	2/1/2033	2,365,000
Sales Tax Series 2007	9,990,000	\$560,000 to \$875,000	3.75% to 5.000%	12/1/2020	3,485,000
Sales Tax Series 2009A	4,580,000	\$275,000 to \$405,000	3.00% to 4.40%	4/1/2023	1,370,000
Sales Tax Series 2014	1,343,000	\$262,000 to \$276,000	1.32%	4/1/2019	816,000
	<u>\$ 26,609,000</u>				<u>\$ 13,629,000</u>

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year(s)	Principal	Interest	Totals
2017	\$ 1,828,000	\$ 380,308	\$ 2,208,308
2018	1,869,000	324,240	2,193,240
2019	1,912,000	270,047	2,182,047
2020	1,694,000	214,294	1,908,294
2021	1,742,000	160,141	1,902,141
2022 - 2026	3,464,000	348,519	3,812,519
2027 - 2031	775,000	120,775	895,775
2032 - 2036	345,000	15,600	360,600
	<u>\$ 13,629,000</u>	<u>\$ 1,833,924</u>	<u>\$ 15,462,924</u>

**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
<u>Governmental activities</u>					
Bonds payable:					
Sales tax	\$ 7,571,000	\$ -	\$(1,900,000)	\$ 5,671,000	\$ 1,103,000
Premium	79,673	-	(16,732)	62,941	-
Total bonds payable	7,651,763	-	(1,916,732)	5,733,941	1,103,000
Capital leases	275,065	52,994	(107,781)	220,278	88,242
Compensated absences	2,912,481	2,096,668	(1,881,628)	3,127,521	2,305,273
Net OPEB payable	257,530	-	(45,731)	211,799	-
Governmental activities, long-term liabilities	<u>\$ 11,096,839</u>	<u>\$ 2,149,662</u>	<u>\$(3,951,872)</u>	<u>\$ 9,293,539</u>	<u>\$ 3,496,515</u>
<u>Business-type activities</u>					
Bonds payable:					
Revenue bonds payable	\$ 16,955,000	\$ -	\$(8,997,000)	\$ 7,958,000	\$ 725,000
Deferred loss	(261,590)	-	29,896	(231,694)	-
Premium	214,283	-	(128,421)	85,862	-
Total bonds payable	16,907,693	-	(9,095,525)	7,812,168	725,000
Compensated absences	1,194,267	794,031	(853,494)	1,134,804	792,663
Net OPEB payable	277,161	-	(35,936)	241,225	-
Business-type activities, long-term liabilities	<u>\$ 18,379,121</u>	<u>\$ 794,031</u>	<u>\$(9,984,955)</u>	<u>\$ 9,188,197</u>	<u>\$ 1,517,663</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.



**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 12 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, has been finalized. Because of California air emission law changes, which outlaw any coal fired power generation to cross California state lines, the future of the coal fired plant has been altered. The California municipal utilities consume up to 95% of the generation from the plant and so keeping those cities in the entitlement mix was imperative. Therefore, the IPA Board and staff proposed a change of fuel from coal to natural gas prior to the agreement expiration, a move that has kept all of the current shareholders in the mix. All 36 owners have signed the agreement to allow IPA to study, engineer, and actively begin modification of the plant.

Commitments

The City has active construction commitments with water line, parks & recreation, and streets projects as of June 30, 2016. 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>
Parks and Recreation Construction Projects	94,684	178,467
Streets Construction Projects	134,704	290,828
Water Construction Projects	1,368,837	89,953

## **MURRAY CITY**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### Utah Telecommunication Open Infrastructure Agency (UTOPIA)

The City entered into a Pledge and Loan Agreement with UTOPIA. UTOPIA is an interlocal cooperative created to finance, construct and operate a system of fiber optic communication lines in various cities in the state. UTOPIA leases use of the fiber optic system to retail vendors of telephone, video, and internet services. The pledge commits the City to set aside and deposit funds as security in a debt service fund for the portion of the project related to the City. Sales and use tax revenues have been pledged towards the payment of the City's share of the debt service reserve fund requirement if withdrawals were made by the Trustee to make bond payments; however, the pledge is junior to any previously pledged sales and use tax revenue. On July 1, 2007, the City was required to deposit \$1,235,039 into the UTOPIA Series 2004 Bond Debt Service Reserve Fund.

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, 2016 was \$1,680,468, with a 2 percent increase per year through 2040. The payment commitment for fiscal year 2017 is \$1,714,078. The total debt service payments paid by the City as of June 30, 2016 is \$10,131,386. The amount paid by the City is a loan to UTOPIA, but as the likelihood of it being re-paid in the near future is remote the City has decided to disclose this amount rather than record this loan on its financial statements. UTOPIA's total bonded debt as of June 30, 2016 is \$184,401,179 of which the City is responsible for 12.32 percent or \$22,718,225.

## **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, but has not been required to pay, up to \$690,241 of its annual franchise tax revenue for this support. UIA’s total bonded debt as of June 30, 2016 is \$61,570,000 of which the City is responsible for 13.40 percent or \$8,250,380. Also, the City paid operational expenses to UIA in fiscal year 2015 of \$141,666.

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, 2016, 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 \$2,759,197 was generated. Of this amount, the RDA was required to pay \$497,601 to the Murray School District. There is no outstanding debt of the RDA at June 30, 2016; however, the RDA has agreed to make payments on the Series 2009A, 2009B, and 2014 sales tax bonds.

During the year ended June 30, 2016, funds expended by the RDA were limited to the categories of debt service and administration costs. Administrative costs totaled \$1,605,278, low income housing \$44,844, and debt service payments totaled \$1,064,823 for the year.

#### NOTE 16 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

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

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Public Employees Contributory Retirement System (Contributory System);
- Firefighters Retirement System (Firefighters System); multiple employer, cost sharing, public employees, retirement systems.

## MURRAY CITY NOTES TO THE FINANCIAL STATEMENTS

- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system;
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost sharing, public employees, retirement systems.

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

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

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

Summary of Benefits by System				
System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.0% per year July 1975	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending upon employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.5%

\*with actuarial reductions

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

**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

Utah Retirement Systems

	Employee Paid	Paid by Employer for	Employer Contribution Rates	Employer rate for 401(k) Plan
<b>Contributory System</b>				
11 - Local Governmental Division Tier 1	N/A	6.00%	14.46%	N/A
111 - Local Governmental Division Tier 2	N/A	N/A	16.67%	1.78%
<b>Noncontributory System</b>				
15 - Local Governmental Division Tier 1	N/A	N/A	18.47%	N/A
<b>Public Safety Noncontributory System</b>				
43 - Other Division A 2.5% COLA	N/A	N/A	34.04%	N/A
<b>Firefighters System</b>				
31 - Division A Tier 1	N/A	15.05%	3.99%	N/A
<b>Tier 2 DC Only</b>				
211 Local Government	N/A	N/A	6.69%	10.00%
222 Public Safety	N/A	N/A	11.83%	12.00%

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

For fiscal year ended June 30, 2016 the employer and employee contributions to the Systems were as follows:

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 2,170,719	N/A
Contributory System	83,310	-
Public Safety System	1,180,370	-
Firefighter System	124,809	-
Tier 2 Public Employee System	271,016	-
Tier 2 Public Safety and Firefighter	232,844	-
Tier 2 DC Only System	22,485	N/A
Tier 2 DC Public Safety and Firefighter System	205	N/A
Total Contributions	\$ 4,085,758	\$ -

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

**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

At June 30, 2016, we reported a net pension asset of \$237,179 and a net pension liability of \$13,224,495.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	1.4044030%	\$ -	\$ 7,918,772
Contributory System	1.3895583%	-	976,657
Public Safety Retirement System	2.4167832%	-	4,329,066
Firefighters System	11.5488265%	209,172	-
Tier 2 Public Employees System	0.2407870%	526	-
Tier 2 Public Safety and Firefighter System	1.8809637%	27,481	-
Total Net Pension Asset / Liability		<u>\$ 237,179</u>	<u>\$ 13,224,495</u>

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year. For the year ended June 30, 2016, we recognized pension expense of \$3,214,833.

At June 30, 2016, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 4,747	\$ 1,059,724
Changes in assumptions	-	1,088,214
Net difference between projected and actual earnings on pension plan investments	5,326,374	-
Changes in proportion and differences between contributions and proportionate share of contributions	65,324	2,738
Contributions subsequent to the measurement date	2,022,316	-
Total	<u>\$ 7,418,761</u>	<u>\$ 2,150,676</u>

\$2,022,316 was reported as deferred outflows of resources related to pension's results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015.

**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

Year Ended December 31,	Deferred Outflows (inflows) of Resource
2015	\$ 698,132
2016	733,165
2017	857,884
2018	1,146,815
2019	(91,011)
Thereafter	(99,332)

Actuarial assumptions: The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary increases	3.50 - 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term expected portfolio real rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Total	100%		5.23%
	Inflation		2.75%
	Expected arithmetic nominal return		7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

<b>System</b>	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$16,877,930	\$7,918,772	\$566,759
Contributory System	\$1,719,986	\$976,657	\$352,598
Public Safety System	\$9,167,137	\$4,329,066	\$389,985
Firefighters System	\$2,847,226	(\$209,172)	(\$2,691,592)
Tier 2 Public Employees System	\$96,393	(\$526)	(\$73,981)
Tier 2 Public Safety and Firefighter	\$46,715	(\$27,481)	(\$84,458)
<b>Total</b>	<b>\$30,755,387</b>	<b>\$12,987,316</b>	<b>(\$1,540,689)</b>

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

**Defined Contribution Savings Plans**

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

Murray City participates in the following Defined Contributions Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan

Employee and employer contributions to Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, 2016 were as follows:

<b>401(k) Plan</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Employer Contributions	\$ 869,539	\$ 830,961	\$ 758,919
Employee Contributions	485,059	519,846	464,969
<b>457 Plan</b>			
Employer Contributions	-	-	-
Employee Contributions	238,478	252,481	244,008

**MURRAY CITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

The City also offers a defined contribution retirement pension plan that covers the elected and appointed City officials that are permitted by state law to withdraw from the Utah State Retirement System. Contributions to the plan are based on the same rates of contributions that were being paid to the Utah State Retirement System defined benefit plans. For fiscal year 2016, the employer contributions were \$83,816.

**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 25 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 \$78,272 in premiums for retirees during the fiscal year ended June 30, 2016. 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	\$	275,647
Adjustments to annual required contribution		(197,375)
Contributions made		<u>(78,272)</u>
Increase in net OPEB obligation		-
Net OPEB obligation beginning of year		<u>534,691</u>
Net OPEB obligation end of year	\$	<u><u>453,024</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 2016 and the two preceding years were as follows:

Year Ended	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
June 30, 2014	\$ 336,467	29.0%	\$ 658,718
June 30, 2015	287,293	26.6%	534,691
June 30, 2016	275,647	28.4%	453,024

The City used an alternative measurement method to estimate the OPEB liability. The method uses the retiree premiums from June 2016 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 – FUND BALANCE**

Financial statement fund balance category details are as follows:

<b>Fund Type</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Redevelopment Agency Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Nonspendable</b>					
Prepays	\$ 173,167	\$ -	\$ -	\$ -	\$ 173,167
Library prepaids	-	-	-	19,364	19,364
Library endowment	-	-	-	16,009	16,009
<b>Restricted</b>					
Beer tax	80,103	-	-	-	80,103
Class C	8,562	-	-	-	8,562
Historic smelter	15,500	-	-	-	15,500
Escrow account	-	-	-	-	-
State allowance	-	1,645,374	-	-	1,645,374
Redevelopment	-	-	1,038,742	-	1,038,742
Debt Service	-	-	295	-	295
Library	-	-	-	432,088	432,088
Low income housing	-	-	809,752	-	809,752
<b>Committed</b>					
Cemetery perpetual care	-	-	-	1,354,260	1,354,260
<b>Assigned</b>					
Capital projects	-	10,999,440	-	-	10,999,440
<b>Unassigned</b>					
	9,279,881	-	-	-	9,279,881
<b>Total</b>	<b>\$ 9,557,213</b>	<b>\$ 12,644,814</b>	<b>\$ 1,848,789</b>	<b>\$ 1,821,721</b>	<b>\$ 25,872,537</b>

## REQUIRED SUPPLEMENTARY INFORMATION

**MURRAY CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET TO ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES</u></b>				
Sales taxes	\$ 16,420,500	\$ 17,009,700	\$ 17,596,193	\$ 586,493
Property taxes	6,599,982	6,599,982	6,653,313	53,331
Franchise taxes	4,797,000	4,797,000	4,793,748	(3,252)
Licenses and permits	1,255,900	1,255,900	1,989,143	733,243
Intergovernmental	1,705,800	2,122,174	2,134,606	12,432
Charges for services	2,702,629	2,703,629	3,095,240	391,611
Fines and forfeitures	1,803,500	1,803,500	1,570,238	(233,262)
Emergency 911 Fees	423,000	423,000	465,539	42,539
Miscellaneous	181,250	249,836	277,580	27,744
Investment income	70,000	70,000	90,571	20,571
Total revenues	<u>35,959,561</u>	<u>37,034,721</u>	<u>38,666,171</u>	<u>1,631,450</u>
<b><u>EXPENDITURES</u></b>				
General government:				
Legislative	396,064	252,897	217,961	34,936
Justice court	1,300,919	1,304,173	1,192,972	111,201
Mayor	564,121	332,867	310,980	21,887
Finance	565,185	369,637	359,781	9,856
Legal	906,757	715,936	698,160	17,776
Nondepartmental	668,328	759,228	661,977	97,251
Personnel	315,505	229,516	220,932	8,584
Administrative and development Services	5,499,283	3,127,177	2,785,832	341,345
Total general government	<u>10,216,162</u>	<u>7,091,431</u>	<u>6,448,595</u>	<u>642,836</u>
Public safety:				
Police department	10,775,408	10,991,922	10,612,683	379,239
Fire department	7,178,409	7,280,222	7,185,914	94,308
Emergency 911 Service	423,000	423,000	465,539	(42,539)
Total public safety	<u>18,376,817</u>	<u>18,695,144</u>	<u>18,264,136</u>	<u>431,008</u>
Highways and public improvements				
Engineering	693,342	696,399	692,010	4,389
Streets and highways	3,073,671	3,611,246	3,439,654	171,592
Shops and garages	106,600	106,600	93,626	12,974
Total highways and public improvements	<u>3,873,613</u>	<u>4,414,245</u>	<u>4,225,290</u>	<u>188,955</u>
Parks, recreation, and culture				
Parks and recreation	5,487,588	5,645,510	5,550,712	94,798
Cemetery	404,693	416,061	403,773	12,288
Total parks, recreation, and culture	<u>5,892,281</u>	<u>6,061,571</u>	<u>5,954,485</u>	<u>107,086</u>
Debt service:				
Principal	1,008,038	1,032,789	1,032,781	8
Interest	258,369	259,297	259,037	260
Pledge payment - UTOPIA debt service	1,685,500	1,685,021	1,680,468	4,553
Total debt service	<u>2,951,907</u>	<u>2,977,107</u>	<u>2,972,286</u>	<u>4,821</u>
Total expenditures	<u>41,310,780</u>	<u>39,239,498</u>	<u>37,864,792</u>	<u>1,374,706</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	4,307,171	4,307,171	4,307,171	-
Transfers out	(2,214,243)	(4,582,234)	(4,582,234)	-
Net other financing sources (uses)	<u>2,092,928</u>	<u>(275,063)</u>	<u>(275,063)</u>	<u>-</u>
Net change in fund balance	(3,258,291)	(2,479,840)	526,316	3,006,156
Fund balance at beginning of year	9,030,897	9,030,897	9,030,897	-
Fund balance at end of year	<u>\$ 5,772,606</u>	<u>\$ 6,551,057</u>	<u>\$ 9,557,213</u>	<u>\$ 3,006,156</u>

**MURRAY CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**REDEVELOPMENT AGENCY FUND – BUDGET TO ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<b>Actual</b> <b>Amounts</b>	<b>Variance with</b> <b>Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Property taxes	\$ 2,961,821	\$ 2,961,821	\$ 2,759,197	\$ (202,624)
Miscellaneous	-	-	17,536	17,536
Investment income	9,500	9,500	17,962	8,462
Total revenues	<u>2,971,321</u>	<u>2,971,321</u>	<u>2,794,695</u>	<u>(176,626)</u>
<b><u>EXPENDITURES</u></b>				
Highways and public improvements	2,763,104	2,761,104	1,650,122	1,110,982
Debt service:				
Principal	265,000	1,245,000	975,000	270,000
Interest and fiscal charges	15,775	17,775	89,823	(72,048)
Total expenditures	<u>3,043,879</u>	<u>4,023,879</u>	<u>2,714,945</u>	<u>1,308,934</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(72,558)</u>	<u>(1,052,558)</u>	<u>79,750</u>	<u>1,132,308</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfer out	<u>(562,813)</u>	<u>(792,813)</u>	<u>(594,068)</u>	<u>198,745</u>
Total other financing sources (uses)	<u>(562,813)</u>	<u>(792,813)</u>	<u>(594,068)</u>	<u>198,745</u>
Net change in fund balance	<u>\$ (635,371)</u>	<u>\$ (1,845,371)</u>	<u>(514,318)</u>	<u>\$ 1,331,053</u>
Fund balance at beginning of year			<u>2,363,107</u>	
Fund balance at end of year			<u>\$ 1,848,789</u>	

**MURRAY CITY**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**UTAH RETIREMENT SYSTEMS**  
**LAST 10 FISCAL YEARS\***  
**12/31/2015**

Description	Noncontributory System	Contributory Retirement System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of the net pension liability (asset)						
Fiscal Year						
2015	1.3977324%	1.2881602%	2.3828708%	11.8165586%	0.2312225%	1.7761219%
2016	1.4044030%	1.3895583%	2.4167832%	11.5488265%	0.2407870%	1.8809637%
Proportionate share of the net pension liability (asset)						
Fiscal Year						
2015	\$ 6,051,669	\$ 371,561	\$ 2,996,658	\$ (674,298)	\$ (7,007)	\$ (26,275)
2016	\$ 7,918,772	\$ 976,657	\$ 4,329,066	\$ (209,172)	\$ (526)	\$ (27,481)
Covered employee payroll						
Fiscal Year						
2015	\$ 11,942,416	\$ 688,420	\$ 3,620,709	\$ 3,136,424	\$ 1,134,435	\$ 734,851
2016	\$ 11,963,866	\$ 592,060	\$ 3,590,165	\$ 3,105,843	\$ 1,555,813	\$ 1,119,342
Proportionate share of the net pension liability (asset) as a percentage of its covered-employees payroll						
Fiscal Year						
2015	50.50%	54.00%	82.80%	-21.50%	-0.60%	-3.60%
2016	66.12%	164.96%	120.58%	-6.73%	0.03%	-2.46%
Plan fiduciary net position as a percentage of the total pension liability						
Fiscal Year						

**MURRAY CITY  
SCHEDULE OF CONTRIBUTIONS  
UTAH RETIREMENT SYSTEMS  
LAST 10 FISCAL YEARS\***

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
<b>Noncontributory System</b>	2014	\$ 2,050,789	\$ 2,050,789	\$ -	\$ 11,955,546	17.06%
	2015	2,183,615	2,183,615	-	11,913,434	18.24%
	2016	2,170,719	2,170,719	-	11,867,750	18.20%
<b>Contributory System</b>	2014	90,522	90,522	-	681,632	13.28%
	2015	94,071	94,071	-	650,548	14.46%
	2016	83,310	83,310	-	576,133	14.46%
<b>Public Safety System</b>	2014	1,092,829	1,092,829	-	3,697,091	29.56%
	2015	1,142,893	1,142,893	-	3,572,076	32.00%
	2016	1,180,370	1,180,370	-	3,650,978	32.33%
<b>Firefighter System</b>	2014	95,307	95,307	-	3,274,834	2.91%
	2015	117,450	117,450	-	3,074,888	3.82%
	2016	124,809	124,809	-	3,128,658	3.99%
<b>Tier 2 Public Employees System*</b>	2014	138,866	138,866	-	992,611	13.99%
	2015	193,069	193,069	-	1,292,292	14.94%
	2016	271,016	271,016	-	1,817,920	14.91%
<b>Tier 2 Public Safety and Firefighter System</b>	2014	109,576	109,576	-	599,068	18.29%
	2015	170,014	170,014	-	934,688	18.19%
	2016	232,844	232,844	-	1,289,473	18.06%
<b>Tier 2 Public Employees DC Only System*</b>	2014	7,498	7,498	-	134,379	5.58%
	2015	18,143	18,143	-	269,988	6.72%
	2016	22,485	22,485	-	336,102	6.69%
<b>Tier 2 Public Safety and Firefighter DC Only System*</b>	2014	322	322	-	3,235	9.94%
	2015	5,178	5,178	-	43,767	11.83%
	2016	205	205	-	1,733	11.83%

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

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



**MURRAY CITY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 – CHANGES IN ASSUMPTIONS

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.50% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre-retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

## SUPPLEMENTARY INFORMATION

**MURRAY CITY**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	<u>Special Revenue</u>		<b>Total Nonmajor Governmental Funds</b>
	<b>Library Fund</b>	<b>Cemetery Care Fund</b>	
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 159,068	\$ 1,354,260	\$ 1,513,328
Investments	301,397	-	301,397
Receivables:			
Property taxes	1,504,281	-	1,504,281
Other	225	-	225
Prepaid items	19,364	-	19,364
Restricted cash	16,009	-	16,009
<b>Total assets</b>	<b>2,000,344</b>	<b>1,354,260</b>	<b>3,354,604</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	19,189	-	19,189
Accrued liabilities	35,291	-	35,291
<b>Total liabilities</b>	<b>54,480</b>	<b>-</b>	<b>54,480</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred inflows-property taxes	1,478,403	-	1,478,403
<b>Total deferred inflows of resources</b>	<b>1,478,403</b>	<b>-</b>	<b>1,478,403</b>
<b><u>FUND BALANCE</u></b>			
Nonspendable	35,373	-	35,373
Restricted	432,088	-	432,088
Committed	-	1,354,260	1,354,260
<b>Total fund balances</b>	<b>467,461</b>	<b>1,354,260</b>	<b>1,821,721</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 2,000,344</b>	<b>\$ 1,354,260</b>	<b>\$ 3,354,604</b>

**MURRAY CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Special Revenue</u>		<b>Total Nonmajor Governmental Funds</b>
	<b>Library Fund</b>	<b>Cemetery Care Fund</b>	
<b><u>REVENUES</u></b>			
Property taxes	\$ 1,618,893	\$ -	\$ 1,618,893
Intergovernmental	13,300	-	13,300
Charges for services	-	324,175	324,175
Fines and forfeitures	52,937	-	52,937
Investment income	6,819	8,550	15,369
Miscellaneous	11,321	-	11,321
Total revenues	<u>1,703,270</u>	<u>332,725</u>	<u>2,035,995</u>
<b><u>EXPENDITURES</u></b>			
Parks, recreation, and culture	<u>1,620,608</u>	-	<u>1,620,608</u>
Total expenditures	<u>1,620,608</u>	-	<u>1,620,608</u>
Excess of revenues over (under) expenditures	<u>82,662</u>	<u>332,725</u>	<u>415,387</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	-	34,000	34,000
Transfers out	<u>(11,681)</u>	<u>(58,000)</u>	<u>(69,681)</u>
Total other financing uses	<u>(11,681)</u>	<u>(24,000)</u>	<u>(35,681)</u>
Net change in fund balance	70,981	308,725	379,706
Fund balance, beginning of year	<u>396,480</u>	<u>1,045,535</u>	<u>1,442,015</u>
Fund balance, end of year	<u>\$ 467,461</u>	<u>\$ 1,354,260</u>	<u>\$ 1,821,721</u>

**MURRAY CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**LIBRARY FUND – BUDGET TO ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<b>Actual</b> <b>Amounts</b>	<b>Variance with</b> <b>Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Property taxes	\$ 1,608,897	\$ 1,608,897	\$ 1,618,893	\$ 9,996
Intergovernmental	12,000	13,000	13,300	300
Fines and forfeitures	50,000	50,000	52,937	2,937
Investment income	5,400	5,400	6,819	1,419
Miscellaneous	7,500	10,211	11,321	1,110
Total revenues	<u>1,683,797</u>	<u>1,687,508</u>	<u>1,703,270</u>	<u>15,762</u>
<b><u>EXPENDITURES</u></b>				
Parks, recreation, and culture	<u>1,683,797</u>	<u>1,688,558</u>	<u>1,620,608</u>	<u>67,950</u>
Total expenditures	<u>1,683,797</u>	<u>1,688,558</u>	<u>1,620,608</u>	<u>67,950</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,050)</u>	<u>82,662</u>	<u>83,712</u>
<b><u>OTHER FINANCING USES</u></b>				
Transfer out	<u>(12,320)</u>	<u>(12,320)</u>	<u>(11,681)</u>	<u>639</u>
Total other financing uses	<u>(12,320)</u>	<u>(12,320)</u>	<u>(11,681)</u>	<u>639</u>
Net change in fund balance	<u>\$ (12,320)</u>	<u>\$ (13,370)</u>	<u>70,981</u>	<u>\$ 84,351</u>
Fund balance at beginning of year			<u>396,480</u>	
Fund balance at end of year			<u>\$ 467,461</u>	

**MURRAY CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**CAPITAL PROJECTS – BUDGET TO ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ -	\$ 1,861,927	\$ 1,224,521	\$ (637,406)
Investment income	-	-	95,556	95,556
Miscellaneous income	-	-	111,058	111,058
Total revenues	-	1,861,927	1,431,135	(430,792)
<b><u>EXPENDITURES</u></b>				
General government	491,346	918,496	744,522	173,974
Public safety	1,187,283	1,401,592	1,311,404	90,188
Highways and public improvements	1,549,743	3,741,573	1,470,524	2,271,049
Parks, recreation, and culture	2,219,500	3,300,445	1,415,558	1,884,887
Total expenditures	5,447,872	9,362,106	4,942,008	4,420,098
Excess (deficiency) of revenues over (under) expenditures	(5,447,872)	(7,500,179)	(3,510,873)	3,989,306
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	(2,625,003)	(4,780,994)	4,241,558	9,022,552
Sale of capital assets	-	(14,309)	82,724	97,033
Total other financing sources (uses)	(2,725,003)	(4,895,303)	4,224,282	9,119,585
Net change in fund balance	\$ (8,172,875)	\$(12,395,482)	713,409	\$ 13,108,891
Fund balance at beginning of year			11,931,405	
Fund balance at end of year			\$ 12,644,814	

**MURRAY CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**CEMETERY CARE FUND – BUDGET TO ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>REVENUES</u></b>				
Perpetual care fees	\$ -	\$ -	\$ 324,175	\$ 324,175
Investment income	5,000	5,000	8,550	3,550
Total revenues	5,000	5,000	332,725	327,725
<b><u>EXPENDITURES</u></b>				
Parks, recreation, and culture	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	5,000	5,000	332,725	327,725
<b><u>OTHER FINANCING USES</u></b>				
Transfers in	34,000	34,000	34,000	-
Transfers out	-	(58,000)	(58,000)	-
Total other financing uses	34,000	(24,000)	(24,000)	-
Net change in fund balance	\$ 39,000	\$ (19,000)	308,725	\$ 327,725
Fund balance at beginning of year			1,045,535	
Fund balance at end of year			\$ 1,354,260	

**MURRAY CITY**  
**STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS**  
**JUNE 30, 2016**

	<b>Central Garage Fund</b>	<b>Retained Risk Fund</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Current assets:			
Cash and cash equivalents	\$ 146,143	\$ 1,778,639	\$ 1,924,782
Inventory	59,986	-	59,986
Prepaid items	-	-	-
Total current assets	<u>206,129</u>	<u>1,778,639</u>	<u>1,984,768</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	166,023	-	166,023
Less: accumulated depreciation	(114,312)	-	(114,312)
Total noncurrent assets	<u>51,711</u>	<u>-</u>	<u>51,711</u>
Total assets	<u>257,840</u>	<u>1,778,639</u>	<u>2,036,479</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred pension costs	61,324	37,213	98,537
Total deferred outflows of resources	<u>61,324</u>	<u>37,213</u>	<u>98,537</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	3,751	8,840	12,591
Accrued liabilities	10,494	258,783	269,277
Compensated absences	9,055	21,297	30,352
Total current liabilities	<u>23,300</u>	<u>288,920</u>	<u>312,220</u>
Noncurrent liabilities:			
Compensated absences	3,229	7,597	10,826
Net pension payable	109,024	53,985	163,009
Total noncurrent liabilities	<u>112,253</u>	<u>61,582</u>	<u>173,835</u>
Total liabilities	<u>135,553</u>	<u>350,502</u>	<u>486,055</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred pension gains	17,710	7,990	25,700
Total deferred outflows of resources	<u>17,710</u>	<u>7,990</u>	<u>25,700</u>
<b><u>NET POSITION</u></b>			
Invested in capital assets	51,711	-	51,711
Unrestricted	114,190	1,457,360	1,571,550
Total net position	<u>\$ 165,901</u>	<u>\$ 1,457,360</u>	<u>\$ 1,623,261</u>



**MURRAY CITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Central Garage Fund</b>	<b>Retained Risk Fund</b>	<b>Total</b>
<b><u>OPERATING REVENUES</u></b>			
Charges for services	\$ 376,746	\$ 1,076,187	\$ 1,452,933
Total operating revenues	<u>376,746</u>	<u>1,076,187</u>	<u>1,452,933</u>
<b><u>OPERATING EXPENSES</u></b>			
Wages and benefits	294,893	252,034	546,927
Administrative fees	750	500	1,250
Depreciation	6,334	-	6,334
Operations and maintenance	38,722	795,830	834,552
Total operating expenses	<u>340,699</u>	<u>1,048,364</u>	<u>1,389,063</u>
Operating income (loss)	<u>36,047</u>	<u>27,823</u>	<u>63,870</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>			
Investment income	679	12,204	12,883
Total nonoperating revenues (expenses)	<u>679</u>	<u>12,204</u>	<u>12,883</u>
Income (loss) before transfers	36,726	40,027	76,753
Transfer out	<u>(3,906)</u>	<u>(1,934)</u>	<u>(5,840)</u>
Change in net position	32,820	38,093	70,913
Total net position - beginning	<u>133,081</u>	<u>1,419,267</u>	<u>1,552,348</u>
Total net position - ending	<u>\$ 165,901</u>	<u>\$ 1,457,360</u>	<u>\$ 1,623,261</u>

**MURRAY CITY**  
**STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Central Garage Fund</b>	<b>Retained Risk Reserve Fund</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 376,746	\$ 1,076,187	\$ 1,452,933
Payments to suppliers of goods and services	(107,540)	(796,390)	(903,930)
Payments to employees for services	(303,588)	(253,718)	(557,306)
Payment for interfund services	(750)	(500)	(1,250)
Net cash provided (used) by operating activities	<u>(35,132)</u>	<u>25,579</u>	<u>(9,553)</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers to other funds	<u>(3,906)</u>	<u>(1,934)</u>	<u>(5,840)</u>
<b>Net cash used by noncapital financing activities</b>	<u>(3,906)</u>	<u>(1,934)</u>	<u>(5,840)</u>
<b>Cash flows from capital and related financing activities</b>			
Purchases of capital assets	<u>(8,214)</u>	<u>-</u>	<u>(8,214)</u>
<b>Net cash used by capital activities</b>	<u>(8,214)</u>	<u>-</u>	<u>(8,214)</u>
<b>Cash flows from investing activities</b>			
Investment income	<u>679</u>	<u>12,204</u>	<u>12,883</u>
<b>Net cash provided by investing activities</b>	<u>679</u>	<u>12,204</u>	<u>12,883</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(46,573)</u>	<u>35,849</u>	<u>(10,724)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>192,716</u>	<u>1,742,790</u>	<u>1,935,506</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 146,143</u>	<u>\$ 1,778,639</u>	<u>\$ 1,924,782</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income (loss)	<u>\$ 36,047</u>	<u>\$ 27,823</u>	<u>\$ 63,870</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	6,334	-	6,334
(Increase) decrease in receivables	-	-	-
(Increase) decrease in inventory and prepaid items	(121)	-	(121)
(Increase) decrease in liabilities	(77,392)	(2,244)	(79,636)
<b>Net cash provided (used) by by operating activities</b>	<u>\$ (35,132)</u>	<u>\$ 25,579</u>	<u>\$ (9,553)</u>

**MURRAY CITY**  
**STATEMENT OF NET POSITION – NONMAJOR PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Murray Parkway Recreation Fund</u>	<u>Solid Waste Management Fund</u>	<u>Telecom Fund</u>	
<b><u>ASSETS</u></b>				
Current assets:				
Cash and cash equivalents	\$ 1,014,914	\$ 361,807	\$ 105,570	\$ 1,482,291
Investments	308,574	-	-	308,574
Accounts receivable (net)	-	126,792	5,773	132,565
Notes receivable	-	-	34,690	34,690
Inventory	74,316	-	-	74,316
Total current assets	<u>1,397,804</u>	<u>488,599</u>	<u>146,033</u>	<u>2,032,436</u>
Noncurrent assets:				
Notes receivable	-	-	408,100	408,100
Capital assets:				
Land	326,336	-	-	326,336
Construction in progress	25,000	-	-	25,000
Buildings	873,119	-	-	873,119
Improvements other than buildings	3,734,149	-	-	3,734,149
Machinery and equipment	1,050,500	328,183	-	1,378,683
Accumulated depreciation	(5,088,558)	(21,119)	-	(5,109,677)
Total noncurrent assets	<u>920,546</u>	<u>307,064</u>	<u>408,100</u>	<u>1,635,710</u>
Total assets	<u>2,318,350</u>	<u>795,663</u>	<u>554,133</u>	<u>3,668,146</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred pension costs	127,920	8,437	-	136,357
Total deferred outflows of resources	<u>127,920</u>	<u>8,437</u>	<u>-</u>	<u>136,357</u>
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Accounts payable	2,277	100,296	-	102,573
Accrued liabilities	136,503	3,006	-	139,509
Due to other funds	42,732	-	-	42,732
Compensated absences	65,543	2,591	-	68,134
Notes payable	-	-	34,690	34,690
Total current liabilities	<u>247,055</u>	<u>105,893</u>	<u>34,690</u>	<u>387,638</u>
Noncurrent liabilities:				
Notes payable	-	-	408,100	408,100
Compensated absences	28,291	1,118	-	29,409
Net pension payable	233,381	12,039	-	245,420
Total noncurrent liabilities	<u>261,672</u>	<u>13,157</u>	<u>408,100</u>	<u>682,929</u>
Total liabilities	<u>508,727</u>	<u>119,050</u>	<u>442,790</u>	<u>1,070,567</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred pension gains	38,297	1,766	-	40,063
Total deferred inflows of resources	<u>38,297</u>	<u>1,766</u>	<u>-</u>	<u>40,063</u>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	920,546	307,064	-	1,227,610
Unrestricted	978,700	376,220	111,343	1,466,263
Total net position	<u>\$ 1,899,246</u>	<u>\$ 683,284</u>	<u>\$ 111,343</u>	<u>\$ 2,693,873</u>

**MURRAY CITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Murray Parkway Recreation Fund</u>	<u>Solid Waste Management Fund</u>	<u>Telecom Fund</u>	
<b><u>OPERATING REVENUES</u></b>				
Charges for services	\$ 1,270,110	\$ 1,484,302	\$ 83,807	\$ 2,838,219
Other	4,048	272	-	4,320
Total operating revenues	<u>1,274,158</u>	<u>1,484,574</u>	<u>83,807</u>	<u>2,842,539</u>
<b><u>OPERATING EXPENSES</u></b>				
Wages and benefits	735,059	67,908	-	802,967
Administrative fees	750	115,710	-	116,460
Depreciation	179,146	12,301	-	191,447
Operations and maintenance	<u>377,835</u>	<u>1,126,709</u>	<u>84,356</u>	<u>1,588,900</u>
Total operating expenses	<u>1,292,790</u>	<u>1,322,628</u>	<u>84,356</u>	<u>2,699,774</u>
Operating income (loss)	<u>(18,632)</u>	<u>161,946</u>	<u>(549)</u>	<u>142,765</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>				
Investment income	8,977	3,635	1,170	13,782
Interest and fiscal charges	(2,111)	-	-	(2,111)
Gain/(loss) on disposal of assets	<u>3,957</u>	<u>-</u>	<u>-</u>	<u>3,957</u>
Total nonoperating revenues (expenses)	<u>10,823</u>	<u>3,635</u>	<u>1,170</u>	<u>15,628</u>
Income before transfers	(7,809)	165,581	621	158,393
Transfers in	600,000	-	-	600,000
Transfers out	<u>(6,789)</u>	<u>(110,545)</u>	<u>-</u>	<u>(117,334)</u>
Change in net position	585,402	55,036	621	641,059
Total net position - beginning	<u>1,313,844</u>	<u>628,248</u>	<u>110,722</u>	<u>2,052,814</u>
Total net position - ending	<u>\$ 1,899,246</u>	<u>\$ 683,284</u>	<u>\$ 111,343</u>	<u>\$ 2,693,873</u>

**MURRAY CITY**  
**STATEMENT OF CASH FLOWS – NONMAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Murray Parkway Recreation Fund</u>	<u>Solid Waste Management Fund</u>	<u>Telecom Fund</u>	
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 1,274,158	\$ 1,470,645	\$ 85,466	\$ 2,830,269
Payments to suppliers of goods and services	(375,948)	(1,108,542)	(84,356)	(1,568,846)
Payments to employees for services	(754,256)	(69,034)	-	(823,290)
Payment for interfund services	(750)	(115,710)	-	(116,460)
Net cash provided (used) by operating activities	<u>143,204</u>	<u>177,359</u>	<u>1,110</u>	<u>321,673</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	600,000	-	-	600,000
Transfers to other funds	(6,789)	(110,545)	-	(117,334)
Changes to interfund receivables and payables	(41,690)	-	-	(41,690)
Net cash provided (used) by noncapital financing activities	<u>551,521</u>	<u>(110,545)</u>	<u>-</u>	<u>440,976</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of capital assets	3,957	-	-	3,957
Purchases of capital assets	(109,186)	(273,570)	-	(382,756)
Interest and fiscal charges paid on capital debt	(2,111)	-	-	(2,111)
Net cash provided (used) by capital activities	<u>(107,340)</u>	<u>(273,570)</u>	<u>-</u>	<u>(380,910)</u>
<b>Cash flows from investing activities</b>				
Sale (purchase) of investments	(9,067)	-	-	(9,067)
Investment income	8,977	3,635	1,170	13,782
Net cash provided by investing activities	<u>(90)</u>	<u>3,635</u>	<u>1,170</u>	<u>13,782</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>587,295</u>	<u>(203,121)</u>	<u>2,280</u>	<u>386,454</u>
<b>Cash and cash equivalents - beginning of year</b>	<u>427,619</u>	<u>564,928</u>	<u>103,290</u>	<u>1,095,837</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 1,014,914</u>	<u>\$ 361,807</u>	<u>\$ 105,570</u>	<u>\$ 1,482,291</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (18,632)	\$ 161,946	\$ (549)	\$ 142,765
Adjustments to reconcile operating income to net cash provided by:				
Depreciation and amortization	179,146	12,301	-	191,447
(Increase) decrease in receivables	-	(13,929)	1,659	(12,270)
(Increase) decrease in inventory and prepaid items	(4,709)	-	-	(4,709)
(Increase) decrease in liabilities	(12,601)	17,041	-	4,440
<b>Net cash provided by operating activities</b>	<u>\$ 143,204</u>	<u>\$ 177,359</u>	<u>\$ 1,110</u>	<u>\$ 321,673</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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets	\$ 52,908	\$ 52,903	\$ 59,490	\$ 58,427	\$ 55,550	\$ 56,770	\$ 57,483	\$ 56,505	\$ 60,998	\$ 64,825
Restricted	520	520	6,295	3,432	4,151	2,897	2,364	5,878	3,633	4,030
Unrestricted	18,270	22,141	8,984	10,222	14,273	17,159	20,391	20,496	15,199	16,398
<b>Total governmental net position</b>	<b>\$ 71,698</b>	<b>\$ 75,564</b>	<b>\$ 74,769</b>	<b>\$ 72,081</b>	<b>\$ 73,974</b>	<b>\$ 76,826</b>	<b>\$ 80,238</b>	<b>\$ 82,879</b>	<b>\$ 79,830</b>	<b>\$ 85,253</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 56,427	\$ 53,269	\$ 53,074	\$ 51,828	\$ 55,429	\$ 55,047	\$ 56,679	\$ 62,237	\$ 63,107	\$ 71,916
Restricted	-	-	1,003	1,000	1,005	-	3,215	2,303	599	296
Unrestricted	16,279	18,306	16,660	14,758	16,389	20,611	24,892	24,284	24,469	20,862
<b>Total business-type net position</b>	<b>\$ 72,706</b>	<b>\$ 71,575</b>	<b>\$ 70,737</b>	<b>\$ 67,586</b>	<b>\$ 72,823</b>	<b>\$ 75,658</b>	<b>\$ 84,786</b>	<b>\$ 88,824</b>	<b>\$ 88,175</b>	<b>\$ 93,074</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 109,335	\$ 106,172	\$ 112,564	\$ 110,255	\$ 110,979	\$ 111,817	\$ 114,162	\$ 118,742	\$ 124,105	\$ 136,741
Restricted	520	520	7,298	4,432	5,157	2,897	5,579	8,181	4,232	4,326
Unrestricted	34,549	40,447	25,644	24,980	30,662	37,770	45,283	44,780	39,668	37,260
<b>Total primary government net position</b>	<b>\$ 144,404</b>	<b>\$ 147,139</b>	<b>\$ 145,506</b>	<b>\$ 139,667</b>	<b>\$ 146,798</b>	<b>\$ 152,484</b>	<b>\$ 165,024</b>	<b>\$ 171,703</b>	<b>\$ 168,005</b>	<b>\$ 178,327</b>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental activities</b>										
General government	\$ 5,090	\$ 5,536	\$ 9,033	\$ 9,821	\$ 10,198	\$ 8,984	\$ 7,406	\$ 8,279	\$ 8,195	\$ 8,192
Public safety	15,758	15,990	18,182	18,459	17,790	16,679	16,356	17,996	17,450	19,661
Highways and public improvements	6,349	5,989	7,008	8,034	7,277	7,880	8,666	6,837	6,291	6,870
Parks, recreation, and culture	8,183	7,741	7,265	7,717	7,480	7,068	7,539	7,947	8,030	8,444
Debt service - interest and fiscal charges	427	489	559	621	548	440	384	336	303	317
<b>Total governmental expenses</b>	<b>35,807</b>	<b>35,745</b>	<b>42,047</b>	<b>44,652</b>	<b>43,293</b>	<b>41,051</b>	<b>40,351</b>	<b>41,395</b>	<b>40,269</b>	<b>43,484</b>
<b>Business-type activities</b>										
Water	4,023	3,520	4,223	5,998	4,887	4,085	4,128	4,139	4,399	4,560
Wastewater	3,354	2,746	3,563	3,274	2,732	3,255	3,354	3,412	3,555	3,425
Power	33,585	35,397	35,358	32,420	32,432	31,190	30,312	32,412	32,613	32,429
Murray parkway	1,729	1,538	1,574	1,485	1,614	1,697	1,260	1,290	1,394	1,295
Telecom	-	-	-	-	-	33	63	71	69	84
Solid waste	782	711	832	806	942	1,050	1,127	1,189	1,229	1,323
Storm water	1,463	1,382	1,392	1,421	1,691	1,885	1,918	2,240	2,452	2,342
<b>Total business-type activities expenses</b>	<b>44,936</b>	<b>45,294</b>	<b>46,942</b>	<b>45,404</b>	<b>44,298</b>	<b>43,195</b>	<b>42,162</b>	<b>44,753</b>	<b>45,711</b>	<b>45,458</b>
<b>Total primary government expenses</b>	<b>\$ 80,743</b>	<b>\$ 81,039</b>	<b>\$ 88,989</b>	<b>\$ 90,056</b>	<b>\$ 87,591</b>	<b>\$ 84,246</b>	<b>\$ 82,513</b>	<b>\$ 86,148</b>	<b>\$ 85,980</b>	<b>\$ 88,942</b>
<b>Program revenues</b>										
<b>Governmental activities</b>										
<b>Charges for services</b>										
General government	\$ 3,386	\$ 3,616	\$ 5,964	\$ 5,926	\$ 6,149	\$ 3,423	\$ 3,090	\$ 3,338	\$ 3,340	\$ 3,680
Public safety	323	340	867	644	1,500	1,183	900	1,531	1,661	1,808
Highways & public improvements	1,041	-	97	85	78	99	58	71	63	-
Parks, recreation, and culture	1,724	1,742	1,678	1,750	1,925	1,775	1,616	1,695	1,739	2,025
Operating grants and contributions	555	365	457	406	1,385	4,478	5,085	-	3,306	2,514
Capital grants & contributions	14,893	1,591	1,232	2,179	2,472	2,087	626	4,606	213	1,496
<b>Total governmental program revenues</b>	<b>21,922</b>	<b>7,654</b>	<b>10,295</b>	<b>10,990</b>	<b>13,509</b>	<b>13,045</b>	<b>11,375</b>	<b>11,241</b>	<b>10,322</b>	<b>11,523</b>
<b>Business-type activities</b>										
<b>Charges for services</b>										
Water	5,566	5,594	5,492	4,781	5,989	6,373	5,938	5,497	5,245	5,476
Wastewater	3,399	3,448	3,556	3,397	4,072	4,348	4,196	4,371	4,600	4,815
Power	33,379	33,707	35,617	33,187	36,329	37,628	37,990	37,514	36,824	38,173
Murray parkway	1,592	1,542	1,596	1,421	1,347	1,563	1,460	1,320	1,394	1,274
Telecom	-	-	-	-	-	34	67	71	71	84
Solid waste	829	833	819	818	962	1,010	1,212	1,369	1,385	1,485
Storm water	1,522	1,508	1,467	1,400	1,433	1,403	1,757	1,864	1,617	1,641
Capital grants & contributions	-	-	-	-	2,860	833	743	38	178	167
<b>Total business-type program revenues</b>	<b>46,287</b>	<b>46,632</b>	<b>48,547</b>	<b>45,005</b>	<b>52,992</b>	<b>53,192</b>	<b>53,363</b>	<b>52,044</b>	<b>51,314</b>	<b>53,115</b>
<b>Total primary government program revenues</b>	<b>\$ 68,209</b>	<b>\$ 54,286</b>	<b>\$ 58,842</b>	<b>\$ 55,995</b>	<b>\$ 66,501</b>	<b>\$ 66,237</b>	<b>\$ 64,738</b>	<b>\$ 63,285</b>	<b>\$ 61,636</b>	<b>\$ 64,638</b>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (13,885)	\$ (28,090)	\$ (31,752)	\$ (33,663)	\$ (29,783)	\$ (28,006)	\$ (28,976)	\$ (30,154)	\$ (29,947)	\$ (31,961)
Business-type activities	1,351	1,337	1,604	(399)	8,694	9,997	11,201	7,291	5,603	7,657
<b>Total primary government net expense</b>	<b>\$ (12,534)</b>	<b>\$ (26,753)</b>	<b>\$ (30,148)</b>	<b>\$ (34,062)</b>	<b>\$ (21,089)</b>	<b>\$ (18,009)</b>	<b>\$ (17,775)</b>	<b>\$ (22,863)</b>	<b>\$ (24,344)</b>	<b>\$ (24,304)</b>
<b>General revenues &amp; other changes in net position</b>										
<b>Governmental activities</b>										
<b>Taxes</b>										
Sales taxes	\$ 14,097	\$ 13,872	\$ 12,444	\$ 12,293	\$ 12,800	\$ 12,847	\$ 12,916	\$ 13,548	\$ 14,181	\$ 17,596
Property taxes	8,784	8,975	8,774	9,700	9,823	10,076	10,299	10,293	11,052	11,031
Franchise taxes	4,619	4,919	5,056	4,931	4,925	4,849	4,993	4,932	4,724	4,794
Investment income	1,069	943	514	396	310	296	203	120	171	232
Gain/(loss) on sale & disposal of assets	109	165	51	(85)	-	11	94	57	31	82
Miscellaneous	324	269	1,181	735	196	207	277	279	349	417
Rent, transfers & miscellaneous	(10,781)	2,813	2,937	3,005	3,622	3,130	3,606	3,565	4,173	3,231
<b>Total governmental activities</b>	<b>18,221</b>	<b>31,956</b>	<b>30,957</b>	<b>30,975</b>	<b>31,676</b>	<b>31,416</b>	<b>32,388</b>	<b>32,794</b>	<b>34,681</b>	<b>37,383</b>
<b>Business-type activities</b>										
Interest income	831	760	434	215	183	245	287	288	308	383
Gain/(loss) on sale & disposal of assets	199	579	60	39	(17)	163	31	25	50	90
Rent & transfers	10,813	(2,813)	(2,937)	(3,005)	(3,622)	(3,130)	(3,606)	(3,565)	(4,173)	(3,231)
<b>Total business-type activities</b>	<b>11,843</b>	<b>(1,474)</b>	<b>(2,443)</b>	<b>(2,751)</b>	<b>(3,456)</b>	<b>(2,722)</b>	<b>(3,288)</b>	<b>(3,252)</b>	<b>(3,815)</b>	<b>(2,758)</b>
<b>Total primary government</b>	<b>\$ 30,064</b>	<b>\$ 30,482</b>	<b>\$ 28,514</b>	<b>\$ 28,224</b>	<b>\$ 28,220</b>	<b>\$ 28,694</b>	<b>\$ 29,100</b>	<b>\$ 29,542</b>	<b>\$ 30,866</b>	<b>\$ 34,625</b>
<b>Change in net position</b>										
Governmental activities	\$ 4,336	\$ 3,866	\$ (796)	\$ (2,687)	\$ 1,893	\$ 3,410	\$ 3,412	\$ 2,640	\$ 4,734	\$ 5,422
Business-type activities	13,194	(136)	(837)	(3,151)	5,238	7,275	7,913	4,039	1,788	4,899
<b>Total primary government</b>	<b>\$ 17,530</b>	<b>\$ 3,730</b>	<b>\$ (1,633)</b>	<b>\$ (5,838)</b>	<b>\$ 7,131</b>	<b>\$ 10,685</b>	<b>\$ 11,325</b>	<b>\$ 6,679</b>	<b>\$ 6,522</b>	<b>\$ 10,321</b>

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	Tax Increment	Sales Tax*	Franchise Tax	Transient Room Tax	Total
2007	8,113,279	815,330	14,001,006	4,618,367	96,061	27,644,043
2008	8,179,189	795,838	13,941,921	4,918,591	103,260	27,938,799
2009	8,012,195	761,403	12,249,133	5,056,167	102,350	26,181,248
2010	7,900,865	1,799,287	12,517,564	4,931,012	73,421	27,222,149
2011	7,992,332	1,830,905	12,589,925	4,924,741	104,295	27,442,198
2012	8,085,132	1,990,650	12,613,871	4,849,560	85,884	27,625,097
2013	8,061,307	2,237,283	12,821,666	4,993,384	94,359	28,207,999
2014	8,159,505	2,133,581	13,461,012	4,931,685	86,875	28,772,658
2015	8,275,306	2,776,692	14,024,199	4,723,793	156,393	29,956,383
2016	8,272,206	2,759,197	17,407,444	4,793,748	188,749	33,421,344

\* In fiscal year 2016 the City passed a .2% sales tax authorized by the Utah State Legislature

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 3,065	\$ 3,035	\$ 2,459	\$ 1,490	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,092	5,962	7,060	7,522	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	235	-	123	148	173
Restricted	-	-	-	-	2,159	1,917	363	163	258	104
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	10,546	9,150	9,638	8,440	8,624	9,280
<b>Total General Fund</b>	<b>\$ 11,157</b>	<b>\$ 8,997</b>	<b>\$ 9,519</b>	<b>\$ 9,012</b>	<b>\$ 12,705</b>	<b>\$ 11,302</b>	<b>\$ 10,001</b>	<b>\$ 8,726</b>	<b>\$ 9,030</b>	<b>\$ 9,557</b>
All other governmental funds										
Reserved	\$ 575	\$ 576	\$ 5,077	\$ 3,028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,461	4,779	2,447	2,701	-	-	-	-	-	-
Nonspendable	-	-	-	-	20	-	-	16	34	36
Restricted	-	-	-	-	1,472	461	1,481	5,715	3,374	3,926
Committed	-	-	-	-	1,322	1,316	1,359	1,404	1,046	1,354
Assigned	-	-	-	-	3,361	6,223	9,897	10,368	11,282	10,999
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 5,036</b>	<b>\$ 5,355</b>	<b>\$ 7,524</b>	<b>\$ 5,729</b>	<b>\$ 6,175</b>	<b>\$ 8,000</b>	<b>\$ 12,737</b>	<b>\$ 17,503</b>	<b>\$ 15,736</b>	<b>\$ 16,315</b>

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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Taxes & special assessments	\$ 27,644	\$ 27,939	\$ 26,181	\$ 27,222	\$ 27,442	\$ 27,625	\$ 28,208	\$ 28,773	\$ 29,956	\$ 33,421
Licenses & permits	1,659	1,629	1,236	1,180	1,439	1,526	1,380	1,400	1,530	1,989
Intergovernmental	2,099	1,956	1,688	2,585	3,423	4,478	5,085	4,417	2,905	3,372
Administrative fees	-	-	2,989	3,003	2,742	2,994	3,025	-	-	-
Charges for services	2,122	2,043	2,597	2,431	3,514	3,057	2,575	2,892	2,944	3,419
Fines & forfeitures	2,477	2,026	1,784	1,791	1,958	1,897	1,710	1,938	1,810	1,623
Emergency 911 Fees	-	-	-	-	-	-	-	424	448	466
Rents & concessions	1,297	-	-	-	-	-	-	-	-	-
Miscellaneous	325	269	1,181	734	196	207	278	279	349	418
Investment Income	1,026	905	496	391	306	286	194	113	163	220
<b>Total revenues</b>	<b>38,649</b>	<b>36,767</b>	<b>38,152</b>	<b>39,337</b>	<b>41,020</b>	<b>42,070</b>	<b>42,455</b>	<b>40,236</b>	<b>40,105</b>	<b>44,928</b>
<b>Expenditures</b>										
General government	5,407	5,212	7,969	7,991	7,952	9,697	8,561	6,169	6,355	6,374
Public safety	16,166	16,003	19,804	16,927	16,719	15,987	16,424	17,387	17,483	18,371
Highways & public improvements	3,619	3,342	3,467	4,738	4,657	6,204	6,496	6,190	4,536	4,790
Parks, recreation and culture	7,552	6,868	6,847	6,740	6,657	6,325	6,957	5,785	7,238	7,660
Capital outlay	1,371	8,358	4,342	5,134	1,058	2,883	3,377	3,315	6,608	5,910
Principal	1,340	1,305	1,723	2,066	2,634	1,754	1,524	1,289	1,565	2,008
Interest	448	515	515	659	589	475	410	353	331	349
Bond issuance costs	159	-	141	-	-	-	-	-	-	-
Pledge payment - UTOPIA	-	-	-	821	1,123	1,661	1,584	1,615	1,647	1,680
<b>Total expenditures</b>	<b>36,062</b>	<b>41,603</b>	<b>44,808</b>	<b>45,076</b>	<b>41,389</b>	<b>44,986</b>	<b>45,333</b>	<b>42,103</b>	<b>45,763</b>	<b>47,142</b>
Excess of revenues over (under) expenditures	2,587	(4,836)	(6,656)	(5,739)	(369)	(2,916)	(2,878)	(1,867)	(5,658)	(2,214)
<b>Other financing sources (uses)</b>										
Proceeds from borrowing	10,156	-	6,162	-	-	-	-	1,343	-	-
Payments to refunding bond escrow	(11,619)	-	(1,520)	-	-	-	-	-	-	-
Capital lease financing	-	-	1,557	207	-	-	96	420	-	-
Transfers in	5,195	8,809	4,681	4,181	4,824	7,261	10,923	8,471	8,255	8,583
Transfers out	(2,842)	(5,996)	(1,744)	(1,176)	(1,202)	(4,131)	(7,317)	(4,906)	(4,074)	(5,346)
Sales of capital assets	130	184	210	224	886	208	1,363	29	16	82
<b>Total other financing sources (uses)</b>	<b>1,020</b>	<b>2,997</b>	<b>9,346</b>	<b>3,436</b>	<b>4,508</b>	<b>3,338</b>	<b>5,065</b>	<b>5,357</b>	<b>4,197</b>	<b>3,319</b>
<b>Net change in fund balances</b>	<b>\$ 3,607</b>	<b>\$ (1,839)</b>	<b>\$ 2,690</b>	<b>\$ (2,303)</b>	<b>\$ 4,139</b>	<b>\$ 422</b>	<b>\$ 2,187</b>	<b>\$ 3,490</b>	<b>\$ (1,461)</b>	<b>\$ 1,105</b>
<b>Debt service as a % of noncapital expenditures</b>										
	4.68%	4.89%	5.26%	5.95%	7.16%	5.06%	4.20%	3.85%	4.43%	5.20%

UTOPIA Pledge payments are not included in the Debt service ratio, because it is not direct City debt.

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	Murray City Direct Tax Rate	Murray City Library Tax Rate
2007	3,288,381,528	4,420,000,000	74.40%	0.001770	0.000430
2008	3,866,773,720	5,225,000,000	74.01%	0.001520	0.000370
2009	4,098,025,336	6,075,000,000	67.46%	0.001420	0.000350
2010	3,603,823,596	5,388,000,000	66.89%	0.001630	0.000400
2011	3,516,872,832	6,218,000,000	56.56%	0.001740	0.000420
2012	3,352,596,180	6,078,768,680	55.15%	0.001772	0.000431
2013	3,302,745,672	5,989,725,960	55.14%	0.001817	0.000442
2014	3,445,859,945	6,253,259,680	55.11%	0.001782	0.000434
2015	3,594,148,131	6,576,992,580	54.65%	0.001734	0.000422
2016	3,789,935,019	6,964,309,770	54.42%	0.001648	0.000401

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 City Library	Murray School District	Salt Lake County	Mosquito Abatement District	Central Utah Water Conservation
2007	0.001770	0.000430	0.005950	0.002350	0.000030	0.000400
2008	0.001520	0.000370	0.005090	0.001990	0.000020	0.000300
2009	0.001420	0.000350	0.004790	0.001920	0.000020	0.000290
2010	0.001630	0.000400	0.005520	0.002280	0.000030	0.000400
2011	0.001740	0.000420	0.005930	0.002590	0.000050	0.000420
2012	0.001772	0.000431	0.006201	0.002696	0.000052	0.000436
2013	0.001817	0.000442	0.006481	0.002793	0.000021	0.000455
2014	0.001782	0.000434	0.007003	0.003180	0.000020	0.000446
2015	0.001734	0.000422	0.006846	0.003036	0.000020	0.000422
2016	0.001648	0.000401	0.007086	0.002819	0.000019	0.000405

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	2016		2007	
	Rank	Percentage of Total City Sales Taxes	Rank	Percentage of Total City Sales Taxes
Warehouse Store	1	8.41%	1	7.65%
Auto Sales	2	3.22%	3	3.88%
Clothing Store	3	2.86%	4	3.11%
Auto Sales	4	2.54%	5	2.77%
Auto Sales	5	2.52%	7	2.43%
Furniture Store	6	2.36%	2	4.53%
Auto Sales	7	2.24%	10	2.14%
Electronics Store	8	2.20%		
Auto Sales	9	2.27%	15	1.64%
Warehouse Store	10	2.07%	6	2.66%
Auto Sales	11	1.81%		
Auto Sales	12	1.79%	8	2.43%
Department Store	13	1.69%	17	1.72%
Building Products	14	1.33%	16	1.61%
Electrical Supplies	15	1.35%	18	1.47%
Electronics Store	16	1.34%	11	2.02%
Municipality	17	1.30%	19	1.43%
Recreational Vehicles	18	1.11%		
Auto Sales	19	1.11%	20	1.35%
Auto Sales	20	1.03%		
Food Retailer	21	1.02%		
Telecommunications			12	1.81%
Auto Sales			9	2.20%
Department Store			17	1.47%
Heavy Equipment			13	1.79%
Total		45.57%		50.11%

Percentage based on direct point of sales tax collection.

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
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%	193,997	5,863,613	100.00%
2011	5,903,086	5,779,782	97.91%	149,671	5,929,453	100.45%
2012	5,903,253	5,839,394	98.92%	127,586	5,966,980	101.08%
2013	5,887,409	5,830,924	99.04%	121,288	5,952,213	101.10%
2014	6,014,202	5,964,588	99.18%	87,849	6,052,436	100.64%
2015	6,003,221	6,072,274	101.15%	28,574	6,100,848	101.63%
2016	6,044,982	6,105,217	101.00%	-	6,105,217	101.00%

Due to new growth, and the collection of personal property tax which is not included in the Levied tax property tax collections can be higher than the amount levied and budgeted.

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			
2007	13,115,000	550,159	32,505,000	508,000	46,678,159	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	531,009	46,562,590	2.80%	1,010
2010	13,305,000	1,448,203	27,765,000	378,419	42,896,622	2.58%	932
2011	11,850,000	269,149	26,130,000	220,313	38,469,462	2.16%	823
2012	10,498,143	-	25,788,754	56,434	36,343,331	1.97%	759
2013	8,975,319	76,612	24,206,461	-	33,258,392	1.68%	689
2014	9,125,495	382,770	17,996,673	-	27,504,938	1.33%	566
2015	7,650,673	275,065	16,907,693	-	24,833,431	1.18%	509
2016	5,733,941	220,278	7,812,168	-	13,766,387	0.64%	280



**MURRAY CITY  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2016**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt (2)(3)
Debt repaid with property taxes			
Murray City School District	\$ 42,665,000	100.00%	\$ 42,665,000
Salt Lake County General Obligation Debt	196,000,000	4.815%	9,437,792
Other debt			
Salt Lake County Sales Tax Bonds	116,000,000	4.54%	5,266,400
Salt Lake County Lease Revenue Bonds	67,200,000	4.54%	3,050,880
Salt Lake County Capital Leases	2,500,000	4.54%	113,500
Salt Lake County Special Assessment Bonds	100,000	4.54%	4,540
Salt Lake County Transportation Rev. Bonds	114,300,000	4.54%	5,189,220
Salt Lake County Notes Payable	22,400,000	4.54%	1,016,960
Murray City Schools Lease Revenue Bonds	7,000,000	100.00%	7,000,000
Subtotal, overlapping debt			<u>73,744,292</u>
Murray City direct debt			<u>5,954,219</u>
Total direct and overlapping debt			<u><u>\$ 79,698,511</u></u>

Source: Debt outstanding data obtained from the Murray School District FY2015 CAFR and the Salt Lake County 2015 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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$353,600	\$418,000	\$486,000	\$431,040	\$497,440	\$486,302	\$479,178	\$500,261	\$526,159	\$ 557,145
Total net debt applicable to limit	43,609	46,563	42,897	38,469	36,343	33,258	27,505	24,833	24,833	13,766
Legal debt margin	\$309,991	\$371,437	\$443,103	\$392,571	\$461,097	\$453,044	\$451,673	\$475,428	\$501,326	\$ 543,378
Total net debt applicable to the limit as a percentage of debt limit	12.33%	11.14%	8.83%	8.92%	7.31%	6.84%	5.74%	4.96%	4.72%	2.47%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Total reasonable fair cash value	<u>\$ 6,964,310</u>
Debt limit (8% of fair cash value)	557,145
Debt applicable to debt limit	13,766
Legal debt margin	<u><u>\$ 543,378</u></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	
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
2015	37,093,425	29,186,348	7,907,077	1,250,000	345,319	4.96
2016	N/A all bonds were paid off during fiscal year 2016					

**2003, 2012 Water and Sewer Revenue Bonds**

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
2015	9,916,952	5,969,386	3,947,566	600,000	152,102	5.25
2016	10,451,769	6,215,077	4,236,692	610,000	136,681	5.67

**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
2015	1,627,702	1,167,331	460,371	215,000	63,375	1.65
2016	1,647,997	1,013,897	634,100	115,000	59,075	3.64

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)
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	37,668	6.3%
2011	46,746	1,764,381,024	39,013	7.3%
2012	47,632	1,880,273,200	40,623	5.7%
2013	48,263	1,980,616,994	41,269	4.3%
2014	48,612	2,073,933,756	42,535	3.5%
2015	48,822	2,099,883,042	43,011	3.3%
2016	49,250	2,158,923,000	43,836	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, 2016**

Employer	Industry Type	2016		2007	
		Rank	Employees	Rank	Employees
Intermountain Medical Center	Health Care Hospital	1	4463	1	1790
SelectHealth	Health Care- Insurance	2	1400		
Murray City School District	Public Education	3	863	3	875
Murray City Corporation	City Government	4	715	2	976
IHC Health Services	Health Care- Medical Lab	5	378		
3M Health Information Systems	Data Processing Services	6	350	5	377
Costco Wholesale Corp	Retailer	7	349		
IHC Health Services	Health Care - Hospital	8	347		
Sutter Connect, LLC	Medical Office Services	9	322		
Nordstrom, Inc.	Retailer	10	298	7	351
The Univeristy of Phoenix	Higher Education			4	475
Securitas Security Services	Security Services			6	369
Workers compensation fund	Insurance			8	326
Ivory Employee Leasing	Employee Leasing			9	265
Dillard's	Department Store			10	248

Source: Murray City Business Licensing, Murray City School District

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

<u>Function/Program</u>	<u>Full Time Equivalent Employees as of June 30</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government	65	59	59	63	60	61	61	62	63	63
Police										
Officers	78	78	75	77	79	73	74	70	72	76
Civilians	17	17	18	14	12	10	12	11	12	11
Fire										
Firefighters	52	52	59	61	60	58	59	55	59	63
Civilians	2	2	3	2	2	1	1	1	1	1
Highways & Public Improvements	36	35	35	34	34	28	27	27	28	27
Parks & Recreation	34	34	34	33	33	33	33	34	35	35
Library	10	9	9	12	9	11	10	12	11	11
Community & Economic Development	5	4	4	5	5	6	6	7	7	7
Central Garage	4	4	4	4	4	4	4	4	4	4
Power	54	54	55	55	52	46	46	46	46	46
Water	16	16	16	17	16	16	16	17	17	17
Wastewater	9	8	9	9	8	8	8	7	8	7
Golf Course	9	8	8	10	8	7	7	7	7	7
Solid Waste	0	0	0	0	0	0	0	0	0	1
Storm Water	6	6	7	6	7	7	7	7	8	7
<b>Total Full Time Equivalent Employees</b>	<b>397</b>	<b>386</b>	<b>395</b>	<b>402</b>	<b>389</b>	<b>369</b>	<b>371</b>	<b>367</b>	<b>378</b>	<b>383</b>
<b>Seasonal (Part Time) Employees</b>	<b>575</b>	<b>560</b>	<b>579</b>	<b>514</b>	<b>459</b>	<b>477</b>	<b>426</b>	<b>385</b>	<b>424</b>	<b>332</b>
<b>Total Employees</b>	<b>972</b>	<b>946</b>	<b>974</b>	<b>916</b>	<b>848</b>	<b>846</b>	<b>797</b>	<b>752</b>	<b>802</b>	<b>715</b>

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

<u>Function/Program</u>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police</b>										
Physical arrests	2,549	2,194	2,588	2,735	2,484	2,436	3,752	2,175	1,899	3,602
Traffic citations	6,935	6,666	8,141	8,057	8,694	6,847	5,508	8,231	5,615	5,242
Fire calls	1,252	1,261	1,496	1,306	1,231	1,622	1,194	1,156	1,260	1,354
Medical calls	3,687	3,962	3,741	3,801	3,781	3,515	4,177	4,117	4,313	4,842
Inspections	1,200	1,261	794	1,309	2,017	1,673	1,448	1,694	1,149	1,399
<b>Parks &amp; recreation</b>										
Park center admissions	33,257	43,272	34,000	46,744	38,451	35,691	29,839	34,839	33,536	36,211
Recreation participants	15,484	16,447	17,779	15,402	14,242	14,219	13,089	13,768	15,777	17,604
<b>Heritage Center</b>										
Participants	-	-	951	1,625	1,894	1,941	1,871	1,993	1,947	1,734
Activity Participation	82,841	84,169	84,269	85,570	84,485	81,212	76,607	76,330	76,098	76,841
<b>Library</b>										
Volumes in collection	84,236	86,723	90,627	86,892	85,100	77,069	69,734	74,971	78,759	75,914
Total volumes borrowed	365,855	406,842	418,169	524,179	524,487	568,372	572,997	611,633	611,149	548,060
Visitors	-	-	-	-	-	-	-	357,461	425,507	395,481
<b>Water</b>										
Customers Residential	8,550	8,552	8,571	8,593	8,602	8,611	8,644	8,674	8,716	8,761
Customers Commercial	1,301	1,301	1,319	1,339	1,344	1,345	1,353	1,360	1,372	1,389
Annual consumption (in millions of gallons)	3,865	3,344	3,784	2,519	2,650	2,841	3,018	3,066	2,583	2,758
<b>Wastewater</b>										
Customers Residential	8,103	8,106	8,119	8,142	8,142	8,147	8,173	8,300	8,334	8,376
Customers Commercial	1,027	1,027	1,032	1,044	1,046	1,047	1,058	1,141	1,150	1,163
<b>Power</b>										
Customers Residential	13,405	13,437	13,546	13,573	13,576	13,619	14,209	14,429	14,573	14,688
Customers Commercial	3,097	3,115	3,094	3,100	3,125	3,125	3,147	3,149	3,193	3,179
Peak demand (KW)	98,246	107,110	98,327	97,000	97,490	98,100	101,838	103,478	107,120	102,460
Internal generation (MWH)	53,055	62,038	21,261	23,031	17,546	19,523	9,465	18,096	17,913	13,846
Purchased power (MWH)	361,917	449,567	448,487	412,385	412,943	419,388	426,388	407,148	410,606	416,299

- data is unavailable

**MURRAY CITY**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

<u>Function/Program</u>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police</b>										
Stations	1	1	2	2	2	2	2	2	2	2
Patrol units	40	41	42	41	41	40	40	39	42	43
<b>Public works</b>										
Streets(miles)	144	144	144	144	144	147	147	147	147	147
Streetlights	2584	2505	2610	2574	2584	2608	2639	2670	2669	2701
<b>Parks &amp; recreation</b>										
Acreage	259	259	252	252	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
<b>Water</b>										
Water mains(miles)	179	183	185	185	192	197	197	197	197	198
<b>Wastewater</b>										
Sanitary sewers(miles)	125	124	127	127	127	127	127	127	128	129
<b>Power</b>										
Generators	4	5	5	5	5	5	5	5	5	5
Substations	5	5	6	6	6	6	6	6	6	6



**CITY OF MURRAY**  
**SUPPLEMENTARY REPORTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**CITY OF MURRAY  
SUPPLEMENTARY REPORTS  
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**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF THE 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, 2016, and the related notes to the financial statements, which collectively comprise the City of Murray's (the City) basic financial statements and have issued our report thereon dated October 26, 2016.

**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*

October 27, 2016



**INDEPENDENT AUDITOR'S REPORT AS  
REQUIRED BY THE STATE COMPLIANCE  
AUDIT GUIDE ON COMPLIANCE WITH GENERAL  
STATE COMPLIANCE REQUIREMENTS AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

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

**Report on Compliance with General State Compliance Requirements**

We have audited the City of Murray’s compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City of Murray for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

- |                      |                              |
|----------------------|------------------------------|
| Budgetary Compliance | Fund Balance                 |
| Justice Courts       | Utah Retirement Systems      |
| Restricted Taxes     | Open and Public Meetings Act |
| Treasurer’s Bond     | Impact Fees                  |

**Management’s Responsibility**

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

**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 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. However, our audit does not provide a legal determination of the City of Murray’s compliance.

**Opinion on General State Compliance requirements**

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 for the year ended June 30, 2016.

**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 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 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 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 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 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.

*Keddington & Christensen, LLC*

October 27, 2016

**CITY OF MURRAY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

**A. FINDINGS - FINANCIAL AUDIT AND GOVERNMENT AUDITING STANDARDS**

**A1. NONE NOTED**

**B. FINDINGS – STATE COMPLIANCE AUDIT GUIDE**

**B1. NONE NOTED**

**CITY OF MURRAY**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

**A. FINDINGS - FINANCIAL AUDIT AND GOVERNMENT AUDITING STANDARDS**

2015 - A1. NONE

**B. FINDINGS – STATE COMPLIANCE AUDIT GUIDE**

2015 - B1. NONE



